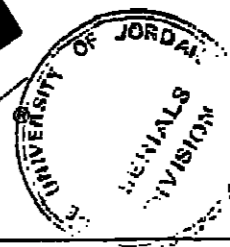


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Fights Put Aside, Trade Deal Assured

In and Out of Russia, Vote Broke the Faith

By Serge Schmemmann
New York Times Service

MOSCOW — The immediate danger from the results of Russia's parliamentary election may come less from what Vladimir V. Zhirinovskiy, does than from how the world and Russia react to him.

There is no question that Mr. Zhirinovskiy and his Liberal Democratic Party represent a fierce backlash by a humiliated, impoverished and confused nation. Nor is there any question that his fuming tirades — whether they be to eject Azerbaijanis, bring Ukraine to its knees or recover Alaska — have set political alarms jangling the world over.

Obviously there is cause for alarm. The fascist regimes of Europe also began as unfocused cries of national despair, and in 18 months Russians again go to the polls, this time to vote for a president with real and dangerous powers. Mr. Zhirinovskiy will run. The presidency, he said Tuesday, would make a fine 50th birthday present.

But for now, Mr. Zhirinovskiy's share of the votes translated into only an eighth of the seats in the new parliament, and that body will be far weaker than the old Congress of People's Deputies, because the constitution also approved on Sunday gives President Boris N. Yeltsin considerable powers to elude it.

There was no telling, moreover, whether Mr. Zhirinovskiy would prove to be an obstacle to whatever government Mr. Yeltsin installed, or whether he would settle for the role of heckler. At a news conference Tuesday, he insisted he was prepared to cooperate fully with Mr. Yeltsin and the government.

The more immediate danger was in the sharp setback to whatever small sympathy and trust Russia may have begun to develop among its neighbors and in the world, and to

the even slenderer trust Russians themselves may have begun to feel for democratic processes.

To much of the world, this was the Russian bear abruptly rampant, and all the tentative talk of large-scale aid, partnership for peace, a universal NATO or a new world order seemed suddenly in jeopardy.

The proliferation of bright kiosks, luxury hotels and English-speaking reformers in Moscow had given many in the West an

NEWS ANALYSIS

illusion of a nation gratefully embracing change, while the anger and despair were hidden from view in muddy provincial cities, dilapidated barracks and teeming rail terminals.

The risk now was that this cheery illusion would be replaced by the specter of militant fascism.

President Bill Clinton seemed to be in a distinct minority when he described the vote as an understandable reaction and said he planned no general change in his Russia policy.

Closer neighbors reacted with far less equanimity. Ukrainian lawmakers strengthened their resolve not to part with nuclear missiles. Baltic presidents gathered for an emergency summit meeting. East European governments, ever wary of their recent captor, were certain to clamor more strongly for North Atlantic Treaty Organization protection, while at the alliance, secretary-general Manfred Womer reminded members of the need for "cohesion and vigilance."

"We always warned about the danger of Russian imperialism," said Dmytro Pavlychko, the head of the Ukrainian parliament.

See DANGER, Page 2

By Tom Buerkle
International Herald Tribune

GENEVA — The United States and the European Community virtually assured completion of a global trade accord by showing their longest disputes under the table Tuesday, but it was a last-ditch compromise that limits the market liberalization that they set out to achieve seven years ago.

Negotiators and political leaders hailed the result nonetheless. There was relief that after seven long years and two previous failures, the trade talks were almost certainly headed for success by Wednesday's deadline.

And there was satisfaction that the final package would include big cuts in tariffs and clear and enforceable trade rules, all of which economists hope will give the global economy a lift amounting to more than \$200 billion a year.

Mickey Kantor, the U.S. trade representative, said Tuesday that the Uruguay Round, as the series of trade talks that began in Uruguay in 1986 has been known, "will bring more barriers down further than any other trade agreement in history."

Mr. Kantor and his EC counterpart, Sir Leon Brittan, reached a settlement early Tuesday, after a full night of bargaining, only by agreeing to exclude from the agreement their final, emotion-

ally charged obstacle — trade in movies and television programming.

The result allowed France, which had vowed to veto any deal that did not protect its movie industry sufficiently, to claim its second big victory of the past two weeks, having previously won concessions from Washington on agricultural trade.

"We got all we wanted from the start, which is basically the cultural exception," Communications Minister Alain Carignon of France said in a radio interview.

U.S. officials proclaimed themselves more than satisfied with the overall result, with President Bill Clinton saying, "We are now on the verge of a historic victory in our efforts to open foreign markets to American products."

The two sides also effectively agreed to keep shipping and commercial aircraft out of a global package, at least for now. And Mr. Kantor won Sir Leon's support for a toned-down American proposal on financial services that acknowledges there will be few significant market openings by Wednesday's negotiating deadline but will allow talks on banking, insurance and brokerage activities to continue for two more years.

On financial services, the United States dropped a proposal that would have denied

most-favored-nation treatment to countries that did not open up their markets, a proposal aimed at Japan and other Asian countries.

The result failed to measure up to the full promise of the talks taking place under the General Agreement on Tariffs and Trade, but the prospective deal does include major achievements that will allow all sides to claim some victories.

Mr. Kantor hailed it as "the largest market-access package in history," with tariffs on a broad range of industrial goods and natural resource products falling by an average of 33 percent.

Mr. Kantor also claimed success in getting agriculture included in a global trade package for the first time and noted that Washington had won access to Europe's market for farm goods in exchange for concessions on EC farm export subsidies.

In what many American officials called their biggest victory, Mr. Kantor cited amendments adopted this week that effectively preserve U.S. authority to impose anti-dumping penalties on unfairly priced imports.

The United States said the agreement would not weaken its power to take such unilateral retaliatory action in commercial disputes under Section 301 of its trade law.

Europe also claimed a victory on trade rules, especially over the U.S. commitment to support the creation of a Multilateral Trade Organization. Unlike the GATT, that body would have power to enforce rulings penalizing unfair trade practices, and it is seen as a means of expanding trade rules into controversial areas such as environmental and labor standards.

Work continued late Tuesday on a few remaining issues, including textiles, where the United States and the EC laid down tough language linking their commitment to abandon import quotas over 10 years to reciprocal commitments by Third World countries to open their markets to imports.

The language had been aimed primarily at India and Pakistan, and Pakistan responded Tuesday with an offer to take in more imports.

Meanwhile, the United States was seeking a change in rules on intellectual property to restrict compulsory licensing of technologies, which U.S. semiconductor companies say would allow foreign countries to poach on their chip designs.

Although work on the details was expected to continue right up to the deadline of midnight Wednesday, Washington time, trade officials said it was almost inconceivable that anything

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Major Points Of the Accord

Compiled by Our Staff From Dispatches

Following are the main points in the agreement reached Tuesday in Geneva by the European Community and the United States:

AUDIOVISUAL: No agreement on movies and television programming. The issue was excluded from the broader treaty, which was a victory for Europe. It means that neither the EC nor the United States needs to act now to open its market in this sector. The quotas, subsidies and rules applied by the Community in the audiovisual sector, which the United States wanted to limit, are maintained.

But the audiovisual industry will be subject to the rules laid down for international trade in general. The Europeans say this means that the Americans cannot decide to make unilateral attacks on the audiovisual front. But the U.S. trade representative, Mickey Kantor, says the United States will continue trying to open up the European audiovisual market.

FINANCIAL SERVICES: Few significant market openings, but the agreement will allow talks on banking, insurance and brokerage activities to go on for two more years.

A toned-down U.S. proposal got European support in the battle against closed Asian markets. The United States will have an 18-month exemption from the obligation to open its market to Asian financial services.

Either the rules will be the same for all countries, or, more probably, the United States will open up only to countries that have done the same for U.S. banks and insurance companies. The latter approach would be contrary to GATT principles, which call for all countries to be treated on the same basis. But the Europeans have joined the United States on this point and might even use the same system.

AVIATION: As the Community wanted, the U.S.-EC agreement of 1992 on large aircraft is maintained. It limits the amount of direct and indirect subsidies granted for research relating to aircraft with more than 100 seats.

On the other hand, programs for building all other types of aircraft will now be subject to the general subsidies code, as the Americans wanted. The European side won a few exemptions.

WORLD TRADE ORGANIZATION: Accord on such an agency, which is supposed to take over from GATT. It will be responsible for ensuring growth and liberalization of world trade, ensuring observance of Uruguay Round rules and settling trade conflicts.

MARITIME SHIPPING: Only minimal market opening, though it is to be brought under GATT for the first time.

(AFP, Reuters, AP)



Sir Leon Brittan, left, and Mickey Kantor sealing the trade pact on Tuesday after an all-night bargaining session in Geneva.



Vladimir V. Zhirinovskiy, left, with an aide at a news conference on Tuesday.

Ultrationalist Assails Jews for 'Provocations'

By Lee Hockstader
Washington Post Service

MOSCOW — Vladimir V. Zhirinovskiy, the ultrationalist whose party placed first in Russia's legislative elections Sunday, said Tuesday he intended to run for president and accused Jews of provoking anti-Semitism in Russia.

Flanked at a news conference by a retinue of little-known aides he calls his "shadow cabinet," Mr. Zhirinovskiy did his best to present a moderate, even mild, facade. He spoke as if he were about to form a government, at one point referring to "our new foreign policy department."

It is unclear how much clout Mr. Zhirinovskiy will wield when the new legislature starts work next month. Although Mr. Zhirinovskiy's Liberal Democratic Party may be the largest single bloc in a fractured lower house, President Boris N. Yeltsin is under no obligation to offer him a cabinet position.

Moreover, Mr. Zhirinovskiy may be unable to form coalitions with the Communists and other parties in the legislature that also oppose Mr. Yeltsin's reforms. His actual impact on policy may be slight, and his main role may be as a critic from the sidelines. Nonetheless, that very stratagem has brought him this far and may suit his presidential ambitions perfectly. Presidential elections are due to be held in 1995.

At the news conference, dressed in an evening suit, combing and bow tie, Mr. Zhirinovskiy seemed increasingly to lose his cool as the nearly two hours of questions and answers wore on. He appeared especially bothered as journalists peppered him with

questions about his attitude toward Jews and other minorities.

After heatedly and repeatedly denying that he or his party are anti-Semitic, he seemed to lose patience and said in a voice nearly hoarse with fervor that his party's supporters were "sick and tired of the fact that TV announcers are representatives of a non-Russian nationality."

"They would very much like to see kind Russian faces who talk to them in good Russian," he said.

He added a short while later: "At a certain stage of development a wave of anti-Semitism arises. But we don't want this to happen. This is provoked by those who consider themselves part of the Jewish nation. We don't need provocations like this."

Also Tuesday, Reuters reported from Germany that in a radio interview broadcast Monday with North German Radio in Hamburg, Mr. Zhirinovskiy threatened Germany with nuclear annihilation if it tried to interfere in Russia's internal affairs. He said he would not hesitate to create "new Hiroshimas and Nagasakis" or a "Chernobyl in Germany" in order to keep Germans away from Russia.

"The Germans are interfering in Russia now, but if a German looks at Russia the wrong way when I'm in the Kremlin, you Germans will pay for all that we Russians have built up in Germany," he said. It was

See RUSSIA, Page 2

France Crows Over 'Great' Victory to Save Its Culture

By Alan Riding
New York Times Service

PARIS — Having dragged the GATT negotiations to the brink of disaster, France claimed Tuesday that it had won an important victory by forcing the United States to be flexible about agricultural exports and to exclude movies and television from a proposed global trade liberalization package.

Opposition parties and farmers were less ebullient over what France achieved but, for the rightist government of Prime Minister Edouard Balladur at least, the gamble of testing its will against Washington and risking a crisis in relations with its European partners seems to have paid off.

"This is a great and beautiful victory for Europe and for French culture," France's communications minister, Alain Carignon, enthused after American and European Community negotiators decided to exclude culture from GATT. "We got what we wanted from the beginning."

After the United States agreed last week to renegotiate a farm trade deal worked out with the 12-nation Community in November 1992, France also said it had achieved its main purpose of softening the impact on its 1 million farmers of a reduction in subsidies to agricultural exports.

France was almost alone in opposing the original farm trade deal, but in the end its

repeated threat to veto the entire GATT package won it concessions. On the question of audiovisual trade, which France said threatened its movie industry, the Community eventually backed Paris.

France also claimed success in its campaign to have a new multilateral trade organization replace the General Agreement on Tariffs and Trade. The proposal had the backing of most of the 117 members of GATT, but the United States had long argued that it would add unnecessary bureaucracy.

Mr. Balladur, who inherited the trade conflict when he took office in March, is to present the broad lines of the GATT package to the National Assembly on Wednesday. He will also

seek a vote of confidence which, with conservatives holding 80 percent of parliamentary seats, he is certain to win.

But Mr. Balladur may have more difficulty in persuading France's powerful farming lobby to accept the agreement. Farmers in a number of cities demonstrated Tuesday against the renegotiated farm trade deal, while some 30 angry farmers even occupied the area around the Arc de Triomphe in Paris on Tuesday afternoon.

"Europe lay down and France capitulated," the conservative deputy Philippe de Villiers told another farmers' meeting near Les Invalides in Paris.

"The government of Mr. Mitterrand and Mr. See FRANCE, Page 5

U.S. Officers Trained Civilians Tied to El Salvador Death Squads

By Tim Weiner
New York Times Service

WASHINGTON — As recently as three years ago, U.S. officers in El Salvador trained a group of wealthy Salvadorans associated with rightist death squads, State Department documents show.

The training occurred at a time when the threat of communism was receding, and the Bush administration was pursuing peace settlements in Central America.

The documents are the first to describe Americans as training civilians tied to political killings in El Salvador, and the first to link U.S. support to Salvadoran death-squad activities in the 1990s.

"My worst fears are realized," the U.S. ambassador, William G. Walker, wrote in a cablegram from San Salvador to the State Depart-

ment in October 1990. The ambassador said he had learned that U.S. officers were giving weekly training to a group of 50 to 60 wealthy Salvadorans who called themselves Los Patriotas, the Patriots.

U.S. officers called the unit "the BMW Brigade." Mr. Walker called its members "adventure-seeking, gun-toting, 'Soldier of Fortune' magazine-subscribing, rich, young extremists."

Citing U.S. intelligence reports, he said the unit "was being used as a cover for death-squad activities."

Mr. Walker's cablegram did not say what rationale had been given for assigning U.S. military trainers to a civilian group. Nor did it specify the group's activities. But it said it was affiliated with Roberto D'Ambrusio, a rightist politician identified this year by a United Na-

See SQUADS, Page 5

Kiosk

Saddam Orders Release of Europeans

NICOSIA (AP) — President Saddam Hussein of Iraq ordered the release of a German on Tuesday, after he freed a Frenchman imprisoned six months ago for entering Iraq illegally, Iraq's press agency said.

Mr. Saddam ordered the release of Kai Soedermann after meeting a German Foreign Ministry envoy, Hans-Jürgen Wischniewski. Earlier Tuesday, Jean-Luc Barriere, 25, of France, gained his freedom.

Britain and Ireland Near Peace Pact on North

LONDON (Reuters) — The prime ministers of Britain and Ireland, John Major and Albert Reynolds, will meet in London on Wednesday to put the final details to a declaration that could pave the way to peace

in Northern Ireland. British officials said Tuesday. They said the two leaders agreed to the meeting after a hectic day of telephone diplomacy aimed at settling one of the world's longest-running guerrilla conflicts.

General News

Random testing backs estimates that up to 1 million Americans have AIDS virus. Page 3.

Israel lifted its ban on the remaining 200 Palestinian deportees. Page 2.

Crossword

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 40 L.Fr.
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroon.700 CFA	Qatar.....8.10 Rials
Egypt.....E.P. 5000	Saudi Arabia.11.20 FF
France.....9.00 FF	Senegal.....480 CFA
Gabon.....480 CFA	Spain.....200 PTAS
Greece.....280 Dr.	Tunisia.....1,000 Din
Ivory Coast.580 CFA	Turkey.....T.L. 10,000
Jordan.....1 JD	U.A.E.....250 Dirh
Lebanon.....USS 1.50	U.S. Mil. (Eur.) \$1.10

Dow Jones		Trib Index	
Down	21.80	Down	0.96%
3,742.63		108.40	
The Dollar		Time close	
New York	1.7146	previous close	1.708
London	1.4835		1.49
Yen	109.375		108.09
FF	5.8638		5.8405

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ANALYSTS

Zhirinovsky, Parody of the Right? Nobody's Laughing

New York Times Service

MOSCOW — If his party had not won almost a quarter of the vote in parliamentary elections, Vladimir V. Zhirinovsky could well be dismissed as a crude parody of a primitive rightist, fired by self-pity and intellectual, or unappreciative betters for all his failures, certain of his cause.

His posters show the lawyer, 47, wearing a badly knotted tie and a puffy scowl over slogans like, "I'll raise Russia from her knees," or "I'll not allow anyone to offend Russians."

His speeches are the stuff of barroom bravado. When he gets Alaska back from the United States, he'll make sure the Americans compensate Russia for the natural resources they used up. Give the Kuril Islands back to Japan? They'll forget about their claim when he sends Russian warships cruising off Hokkaido.

By the time the Central Asians finish cutting each other's throats, they'll beg to become part of Russia. He dreams of Russian soldiers massing for a crusade — "The Last Play for the South" as he calls his autobiography published this year — a vast drive to Russia's predestined borders on the Indian Ocean and the Mediterranean Sea.

To counter whispers that Mr. Zhirinovsky is homo-

sexual, a party broadsheet carries a series of five snapshots of him ogling a buxom woman's décolletage under the headline, "They say Vladimir Zhirinovsky is indifferent to women. Is that so?" He is married and has a son.

His autobiography reads like a parody of Dostoyevsky's "Insulted and Injured." He remembers every childhood slight, the names of boys who beat him in a communal apartment. He seems to revel in describing humiliations.

"I was denied the most elementary family coziness, human warmth," he wrote.

"Life itself forced me to suffer from the very day, the moment, the instant of my birth. Society could give me nothing."

"Two months before her death, my mother would tell me, 'Volodya, there's nothing to remember, not one happy day...'"

Born in Kazakhstan and educated in Moscow, Mr. Zhirinovsky devotes pages in his book seeking to prove that he is a Russian. Vladimir is a Russian name, he reminds the reader, his town and building were peopled by Russians, all his relatives — except for the husbands of two distant aunts — are Russians. The only problem is the name of the father who died shortly after he was born, Volof. The name, he acknowledged, is "not so familiar to a Russian ear."

It is from such defensive nationalism and remembered slights that Mr. Zhirinovsky shaped the world view that met with so powerful a response from a confused, humiliated and impoverished nation.

It was a woefully familiar pattern in the 20th century, and about of "fascist" quickly sounded from the ranks of democrats.

It is too early to judge whether Mr. Zhirinovsky qualifies as a fascist, but his party is neither liberal nor democratic. It was formed in 1990, one of the very first political parties to register legally in the Soviet Union, but before long it became purely a platform for himself and his menu of quick solutions, nationalist bluster and alluring promises.

One paper called it "autocratic populism." He was the little man bashing the big guys. He played to deep-seated resentments of the Communists who had enslaved Russians, of the "democrats" who had impoverished them, of the Georgians who were robbing them.

He promised protection for the poor, security for the rich, honor and dignity for the military, bread for the hungry, a peaceful life for the old, and vacations in Cuba for all.

He vowed to make Russia great, feared, and respected again. His symbol was a falcon over a Russia that extended from Alaska to Finland. He would reconstitute a Russia stretched to its imperial borders. He

would stop closing down military industries and would resume exporting arms to old clients such as Iraq.

In fact, while President Boris N. Yeltsin was acquiescing in the American-led economic sanctions against Iraq, Mr. Zhirinovsky traveled there and met with President Saddam Hussein. His travels have taken him around the world.

"I am a moderate in all things," he declared in his book. "Only on the question of statehood am I firm."

It was the stuff Russians increasingly wanted to hear as their world fell apart. The first sign of his appeal came in Russia's presidential race in 1991, when he came in third behind Mr. Yeltsin and the former Soviet prime minister, Nikolai I. Ryzhkov.

The confusion and dislocation of economic reforms turned out to be a gold mine. Mr. Zhirinovsky lay low when Mr. Yeltsin disbanded the old Congress of People's Deputies, but when the campaign for a new parliament began, he emerged with an ample war chest and probably the best understanding of the potency of television.

His rapid-fire delivery and unambiguous pledges drew more attention than the academic and stilted speeches of his opponents, and his ratings soon began to rise.

—SERGE SCHMEMMANN

WORLD BRIEFS

U.S. Confident on Korea Defenses

WASHINGTON (Combined Dispatches) — Seeking to reassure jittery allies and the American public, the chairman of the Joint Chiefs of Staff said Tuesday that the United States could successfully repel a North Korean attack on South Korea.

"As far as our confidence to stop a North Korean attack into the South, I'm very, very confident," said General John M. Shalikashvili. He acknowledged that some military analysts questioned whether allied forces could stop the North Korean ground force before it reached Seoul, the South Korean capital, which is about 30 kilometers from the border. About 36,000 U.S. ground and air forces are stationed in South Korea, which has armed services numbering 650,000.

At one point, he said it was a "possibility" that Seoul could be fully defended, and later he added, "I certainly think it's a very good likelihood, but there are also many imperfections that you cannot predict at this stage." (NYT, AP)

U.S. Aide Seeks Haiti Refugee Review

PORT-AU-PRINCE, Haiti (NYT) — With human rights abuses increasing and the number of refugees on the rise, the United States should review its policy of forcibly repatriating the Haitians it picks up, the administration's top human rights official said Tuesday.

At the end of a visit to the Caribbean nation, John Shattuck, assistant secretary of state for human rights and humanitarian affairs, said he would advise that the policy be re-evaluated. He did not explain what the alternatives might be.

The announcement came on the same day as the U.S. repatriated 110 refugees, the third boatload of Haitians to be returned to Port-au-Prince in a week. The recent increase in the number of boats picked up heading for Florida has prompted fears that a mass exodus, similar to the one that followed the overthrow of the country's president, the Reverend Jean-Bertrand Aristide, may be imminent. U.S. officials fear that increased repression, especially in the provinces, may force more poor Haitians to take to the seas.

Israel-Vatican Ties Expected in April

JERUSALEM (AFP) — Israel and the Vatican will establish diplomatic relations for the first time at the end of April, Israeli television reported Tuesday. The two will sign an agreement in Rome on Dec. 29, calling for full diplomatic ties and an exchange of ambassadors to be in place four months later, it said.

The former secretary of state at the Vatican, Cardinal Agostino Casaroli, met Shimon Peres, the Israeli foreign minister, during a recent trip to Israel, the television added. It did not say whether the deal was made then. A Foreign Ministry spokesman refused to confirm the report.

The Vatican has never had diplomatic relations with Israel since the state was created in 1948, but its delegate to "Jerusalem and Palestine" is Andrea Cordero di Montezemolo.

UN to Name Rights Commissioner

UNITED NATIONS, New York (NYT) — The most contentious issue facing the 48th General Assembly this year was resolved over the weekend when the nations of the world accepted a plan, under discussion for more than 40 years, to appoint a high commissioner charged with ensuring respect for human rights around the globe.

The agreement to create a UN High Commissioner for Human Rights with the power to intervene wherever basic freedoms are being suppressed was reached in a working group of rich and poor countries and is expected to be endorsed unanimously by the 184 members of the General Assembly next week.

The proposed new high commissioner would not have the power to force governments accused of abuses to change their ways. But he could try to shame them into doing so by publicizing violations and reporting them to the General Assembly or the 53-nation Human Rights Commission in Geneva.

From Diana, a Singular Greeting

LONDON (Reuters) — Diana, the princess of Wales, has asserted her independence from her estranged husband, Prince Charles, by dropping his name from her Christmas cards while the heir to the throne has retained a joint greeting.

From "The Household of the Royal Highnesses The Prince and Princess of Wales," reads this year's card from Charles, according to a London paper Tuesday.

The Evening Standard said the card, showing a watercolor view of a Scottish mountain painted by Charles, was a surprise to friends and staff of the prince, 45, who was separated from Diana a year ago. But in a show of independence, Diana, 32, has dropped her husband's name from her personal Christmas cards.

Patten Urges China to Reopen Talks

HONG KONG (AP) — Governor Chris Patten made a last-minute appeal to China for more negotiations but snuck by his plan to submit his electoral program to the Hong Kong legislature on Wednesday.

Mr. Patten said Tuesday that he had "asked once again today for confirmation from the Chinese side of agreement on the dates for the 18th round of talks." But he said he would not delay the legislation, even if China agreed to keep talking.

China, which resumes sovereignty over the British colony in 1997, opposes Mr. Patten's program and says any move to make it law will spell the end of negotiations.

TRAVEL UPDATE

Glitches Delaying EC Open Borders

PARIS (Reuters) — Abolition of border controls among nine European Community nations, already more than a year late, could suffer further delays because a central computer database is still not working, a German minister said Tuesday.

Bernd Schmidbauer, minister of state in Chancellor Helmut Kohl's office, said that the system to exchange immigration and police data among the nine would not be working by Feb. 1 and that some states were citing the problem as a reason for further postponement.

Mr. Schmidbauer, in Paris for a review of the open-border accord, said it was a "medium-sized scandal" that the software was not working. He denounced politicians who he said were seeking to use this as a pretext to delay abolition of controls. He did not name any countries, but diplomats said the French interior minister, Charles Pasqua, was demanding that the system be fully operational before borders were opened.

Train services in France will be normal Wednesday despite a call by a rail union for a one-hour strike from 11 A.M. until 12 A.M., the state rail company, SNCF, said Tuesday. The union said the strike is over wage and employment levels. (AFP)

The first Kenyan train to Uganda in 16 years left Nairobi on Tuesday as part of renewed efforts toward closer economic cooperation between East African countries. (AFP)

English rail travelers suffered another day of chaos and cancellations on Tuesday after a suspected IRA bomb exploded on a track near Woking, west of London. No one was hurt by the small blast, but thousands of commuters were delayed. (Reuters)

A Christmas service is to be held in Dresden in the ruined Frauenkirche for the first time since the end of World War II, when the city was systematically destroyed by Allied bombs. At least 60,000 people died in the bombings. Work on rebuilding the church, which had been left in ruins by the Communist regime, began in February. (AFP)

NATO Plan for East In Doubt After Vote

By Craig R. Whitney
New York Times Service

BONN — The strong showing by rightist nationalists in Russia's parliamentary elections has thrown a new element of uncertainty into the preparations for next month's NATO summit meeting in Brussels.

At the meeting Jan. 10-11, the leaders of the alliance are expected to approve a U.S. proposal to offer increased political and military cooperation between the alliance and former Warsaw Pact members, on a basis that would put Russia on the same footing as Poland, Hungary, or the Czech Republic. The proposal displeases these smaller countries, which fear Russian expansionism and want NATO membership for protection.

Until the Russian vote, Foreign Minister Klaus Kinkel of Germany had been saying that he wanted to find a way at the meeting to make it clear to the East Europeans that they could some day qualify for membership, despite the fact that President Boris N. Yeltsin was warning against an expansion of NATO toward the Russian border.

Since the election, Mr. Kinkel has sounded much less confident. "We want to be highly cautious, and we should keep that in mind especially after the outcome of these elections," he said on Monday. German officials said they feared that the nationalist strength in the new parliament could increase pressure on Mr. Yeltsin to dig in his heels.

In a meeting in Brussels last week with the NATO secretary-general, Manfred Wörner, Mr. Yeltsin refused to say whether he would join the "partnership for peace" proposed in the American initiative. Mr. Wörner said in Paris on Tuesday that the outcome of the election showed that the North Atlantic Treaty Organization was right to remain vigilant while Russia remained the biggest nuclear power in Europe.

"Both tracks of our policy towards Russia remain valid," Mr. Wörner said. "On the one hand, the will to establish real cooperation with the Russians; on the other, cohesion and vigilance."

In Germany, an opposition Social Democratic foreign policy spokesman, Karsten D. Voigt, said

Tuesday that he agreed that NATO leaders should not do anything to create new hostilities between Russia and the West.

"The West should make clear that it is offering the Russians cooperation in a European security system, and offering some East European countries eventual integration in it," he said.

Putting all formerly Communist countries on an equal footing, the American "partnership for peace" proposal has been criticized by Czech, Polish and Hungarian leaders as an inadequate response to their request to become members of the Western security community — as insurance, among other things, against a resurgence of Russian great-power nationalism.

Vladimir V. Zhirinovsky's Liberal Democratic Party, the big winner of the elections in Russia, personifies many of these fears. Mr. Zhirinovsky added to them this week in an interview with an extreme-right German newspaper in which he said that he would run and win in the Russian presidential elections in 1996.

"I want a healthy and defensible Russia, and in this I am speaking for the interests of the army," he told the Munich National Zeitung. "It cannot be in the interest of Russia, Germany, or practically the entire world to render Russia impotent and let a world policeman call the tune."

Mr. Zhirinovsky's strong showing has also shocked mainstream German politicians because of his strong ties with the newspaper and an extreme-right party, the German People's Union, led by the National-Zeitung's publisher, Gerhard Frey.

Mr. Zhirinovsky has appeared at the German party's last two national conventions, and in the interview said he regarded it as his "partner" in Germany.

In the interview, Mr. Zhirinovsky said he was in favor of close military cooperation with Germany, and called for an "eternal alliance" between the two countries.

But in an interview with North German Radio, he threatened: "If a German looks at Russia the wrong way when I'm in the Kremlin, you Germans will pay for all that we Russians have built up in Germany."



WAITING AMID THE DEBRIS — Egyptian women watching rescue workers in a poor Cairo neighborhood on Tuesday after a landslide sent boulders the size of houses crashing down on the area, killing at least 27 people. Twelve people were missing.

Israel Ends Exile for Last 200 Deportees

By Clyde Haberman
New York Times Service

JERUSALEM — About 200 Palestinians who were expelled by Israel a year ago packed their belongings at a hillside tent camp in southern Lebanon on Tuesday as the Israeli government closed the book on a mass deportation that had brought it international condemnation and few of the hoped-for security benefits.

A Lebanese messenger drove to the camp with an Israeli letter listing the names of the deportees, all accused Islamic militants, who would be allowed to return to the occupied territories on Wednesday by way of the buffer strip across southern Lebanon that Israel calls a security zone.

They are the last of an original group of 415 who were sent into exile on Dec. 17, 1992, after five Israeli servicemen were killed. The deaths triggered national outrage here and persuaded the government to strike hard at the Islamic Holy War group and, far more ag-

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SPORT

FRANCE: HEURGON, PARIS GERMANY: BECKER, HAMBURG
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LIECHTENSTEIN: HUBER, VADUZ
UNITED KINGDOM: MAPPIN & WEBB, LONDON
HONG KONG: DUTY FREE SHOPPERS, KOWLOON
JAPAN: KANAYAMA, TOKYO
SINGAPORE: DFS ORCHARD COLLECTIONS
ABU DHABI, DUBAI: MANSOUR JEWELERS
USA: TOURNEAU, NEW YORK

RUSSIA: Zhirinovsky Mixes Mild and Outrageous

Continued from Page 1

unclear what German interference he had in mind. Germany has been the leading donor of foreign aid to Russia and a prime source of foreign investment capital.

"The same goes for the Japanese," Mr. Zhirinovsky said. "They already experienced Hiroshima and Nagasaki. 50 years have gone by and maybe they've already forgotten this. We will create new Hiroshimas and Nagasakis. I will not hesitate to deploy atomic weapons."

In the public relations department, it did Israel little good except among staunch supporters, for it led to widespread denunciations overseas, including condemnation by the United Nations Security Council.

"It was a wise thing to do then," Oded Ben-Ami, a Rabin spokesman, said Tuesday, emphasizing the word "then."

"We shall see the results."

Israeli Troops Kill 2

Israeli troops shot dead two Palestinians and wounded 12 in the Gaza Strip on Tuesday, the sixth anniversary of the founding of Hamas, witnesses and hospital sources said, according to Reuters.

Israeli forces were on high alert for the anniversary of Hamas, the organization leading Palestinian opposition to an Israeli-PLO peace accord.

Israel and the PLO on Monday missed their first major peace deadline, delaying the start of an Israeli troop withdrawal from Gaza and the West Bank town of Jericho for at least 10 days.

The radio station said the interview had taken place before Sunday's elections.

Mr. Zhirinovsky's news conference came as political shock waves continued to roll over Russia and particularly its neighbors in Eastern Europe and the Baltics.

In Moscow, Jeffrey Sachs, a Harvard professor who has been an economic adviser to Mr. Yeltsin's government, said he was considering closing his office here. He said he was afraid that in the current political climate, foreign advisers preaching radical economic reform could only hurt Mr. Yeltsin's embattled government.

President Leonid M. Kravchuk of Ukraine said Russians had voted to re-create the "czarist empire," which he said could be "the beginning of a huge cataclysm in Europe and the world." Foreign Minister Andrzej Olechowski of Poland, on a visit to Washington, called the results "simply bad."

According to the latest official tallies, which include 77 of Russia's

DANGER: Broken Illusions

Continued from Page 1

ment's Foreign Affairs Commission and a proposal of holding on to Ukraine's nuclear missiles. "It must be clear to the West now why Ukraine wants to defend itself."

Poland's former defense minister, Janusz Onysiewicz, urged that NATO reconsider its reluctance to accept East European states: "Perhaps the West will realize that a policy of avoiding decisions that could anger nationalists in Russia does not have any effect."

Further afield, Foreign Secretary Douglas Hurd of Britain declared the vote "alarmed."

The danger was that the alarmed reaction could turn into a self-fulfilling prophecy, driving Russians further into xenophobia. Among those who warned against this was Foreign Minister Klaus Kinkel of Germany, who urged Western donor nations not to suspend aid.

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Australia 011-800-400-1211	Colombia-Spanish 011-800-400-1211	+India 011-800-400-1211	Mexico 011-800-400-1211	+Puerto Rico 011-800-400-1211
Austria 011-800-400-1211	+Costa Rica 011-800-400-1211	Indonesia 011-800-400-1211	+Monaco 011-800-400-1211	+Cuba 011-800-400-1211
△Bahamas 011-800-400-1211	+Cyprus 011-800-400-1211	+Ireland 011-800-400-1211	+Netherlands 011-800-400-1211	+Czech Republic 011-800-400-1211
△Barbados 011-800-400-1211	+Czech Republic 011-800-400-1211	+Japan 011-800-400-1211	+Netherlands Antilles 011-800-400-1211	△Brazil 011-800-400-1211
+Belgium 011-800-400-1211	△Denmark 011-800-400-1211	+Korea 011-800-400-1211	New Zealand 011-800-400-1211	△Canada 011-800-400-1211
Belize (Hotel) 011-800-400-1211	△Dominican Republic 011-800-400-1211	+Korea 011-800-400-1211	Nicaragua 011-800-400-1211	△Cuba 011-800-400-1211
Belize (PT) 011-800-400-1211	Ecuador 011-800-400-1211	+Korea 011-800-400-1211	○Nicaragua (Managua) 011-800-400-1211	△Cuba (Havana) 011-800-400-1211
+Bermuda 011-800-400-1211	+El Salvador 011-800-400-1211	+Korea 011-800-400-1211	+Norway 011-800-400-1211	△Cuba (Santiago) 011-800-400-1211
Bolivia 011-800-400-1211	+Finland 011-800-400-1211	+Korea 011-800-400-1211	Panama 011-800-400-1211	△Cuba (Cienfuegos) 011-800-400-1211
Brazil 011-800-400-1211	+France 011-800-400-1211	+Korea 011-800-400-1211	○Paraguay 011-800-400-1211	△Cuba (Matanzas) 011-800-400-1211
△British Virgin Isl. 011-800-400-1211	+Germany 011-800-400-1211	+Korea 011-800-400-1211	Peru 011-800-400-1211	△Cuba (Pinar del Rio) 011-800-400-1211
△Cambodia (Phnom Penh) 011-800-400-1211	+Greece 011-800-400-1211	+Korea 011-800-400-1211	Philippines 011-800-400-1211	△Cuba (Sancti Spiritus) 011-800-400-1211
△Canada 011-800-400-1211	+Guatemala 011-800-400-1211	+Korea 011-800-400-1211	Philippines (ETP stations only) 011-800-400-1211	△Cuba (Ciego de Avila) 011-800-400-1211
	△Honduras 011-800-400-1211	+Korea 011-800-400-1211	Philippines (PhilCom) 011-800-400-1211	△Cuba (Caracas) 011-800-400-1211
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STATESIDE / STARTING OVER ON PUBLIC AID

★ POLITICAL NOTES ★

Reno Moves to Put Justice Dept. in Order

WASHINGTON — Attorney General Janet Reno announced steps Tuesday to bolster the Justice Department's professional discipline process and to speed its response to judicial allegations of ethical misconduct by federal prosecutors.

She also said she intended to open to greater public scrutiny the findings of the department's Office of Professional Responsibility, which investigates complaints of abuse of power by Justice Department lawyers but whose findings, by department policy, generally have been kept secret.

Ms. Reno's action follows an increasing number of complaints from judges, defense lawyers and others about what they consider to be the increasing incidence of misconduct by federal prosecutors and the Justice Department's failure to discipline them or to reveal the results of internal investigations.

Many of the misconduct cases involve withholding of evidence helpful to defendants or targets of grand jury probes.

Most recently, judges have publicly accused prosecutors of such misconduct in their efforts to prove that a suburban Cleveland autoworker, John Demjanjuk, was the Nazi death camp guard "Ivan the Terrible." Federal judges in Chicago have recently overturned convictions of members of the notorious El Rukns street gang, citing prosecutorial misconduct.

Ms. Reno's statement stemmed, in part, from the angry denunciation last week of the Justice Department's disciplinary process by a federal judge in Los Angeles. Judge James M. Ideman of U.S. District Court said he had been waiting three years for the department to respond to his findings of prosecutorial misconduct. He had dismissed a major racketeering case after determining that the prosecutor had concealed evidence favorable to the defendant and then lied to the court about it. "Delays in evaluating allegations of professional misconduct, such as the delay described by Judge Ideman, are not acceptable," Ms. Reno said.

Prosecutions Unlikely in Passport Inquiry

WASHINGTON — One year after the appointment of an independent counsel to look into the 1992 pre-election search of President Bill Clinton's passport files, the investigation is coming to a conclusion with the likelihood there will be no prosecutions, according to sources.

The counsel, Joseph E. diGenova, has interviewed former President George Bush and three of his former senior White House aides in the final phase of his inquiry, the sources said. Mr. Bush and the others "have produced records and cooperated completely," said a source outside the independent counsel's office.

But a recent sealed decision by Judge John Garrett Penn of U.S. District Court makes it unlikely that any criminal prosecutions will emerge out of Mr. diGenova's inquiry, according to another source outside the independent counsel's office.

Mr. diGenova was appointed by a special three-judge panel to investigate allegations that Bush administration officials illegally disseminated information from Mr. Clinton's passport files and that one or more senior White House staff members may have lied to State Department investigators about their knowledge of the search.

The appointment took place after the State Department's inspector general, Sherman K. Funk, found that Elizabeth M. Tamposi, who was the assistant secretary of state for consular affairs, and Steven K. Berry, who was the acting assistant secretary for congressional relations, had used their positions to attempt to find information critical of Mr. Clinton in the department's old passport files and thus affect the presidential election.

Quote/Unquote

Responding to reports that he sometimes flew his own plane home to Oklahoma, at a cost to the taxpayers of about twice the commercial air fare, Representative James M. Inhofe, a Republican, said: "Somebody in Congress has to maintain a presence in our air space system." (AP)

Away From Politics

- Many radiologists still believe in the benefit of routine mammograms for women in their 40s despite the National Cancer Institute's decision to stop recommending regular screening for these women. They say the benefits would be obvious if the proper studies were done. Critics say the studies of mammogram screening have included too few women in their 40s and did not follow them long enough.
- A looming shortage in the unglamorous essentials of modern war — such as fuel trucks, chemical weapons detectors, medevac helicopters and mine-clearing equipment — could undermine the U.S. Army's ability to deploy and sustain combat forces in an extended crisis, a secret army study warns.
- Colorado's anti-gay-rights initiative is unconstitutional, a U.S. District Court judge said in Denver in his final ruling on the issue. He said the measure violated "the fundamental right of an identifiable group to participate in the political process." State officials said they would decide whether to appeal.
- A second witness has testified that the U.S. Navy's top admiral saw misconduct at the so-called Tailhook convention in 1991. Robert L. Beck, a commercial pilot and captain in the Navy Reserve, said Admiral Frank B. Kelso 2d overheard a group of men urging a woman to expose her breasts at the military officers' convention. Dozens of women say they were molested there by drunken navy and Marine Corps aviators.
- Users of hand-held cellular telephones are exposed to levels of radiation that are well within national safety standards, according to a study for the National Institutes of Health. (UPI)

Wisconsin Quits Federal Welfare System for State Plan

By Jason DeParle
New York Times Service

WASHINGTON — Wisconsin has decided to withdraw from the federal welfare program within five years and to replace the much-criticized system with an unspecified state plan for public relief.

The pledge, signed into law, is the first time a state has sought to drop the federal welfare program since its inception during the Depression, and it reflects the political turmoil engulfing the welfare system around the country.

The law was signed Monday after months of careful maneuvering by Governor Tommy G. Thompson, a conservative Republican, and Democratic legislators, who pushed through the radical measure in part as a political dare, doubting the governor would affirm his name to it.

Mr. Thompson not only signed the law but praised it, as did its main sponsor, Representative Antonio Riley, a black Democrat from Milwaukee who was reared on public aid.

"We think the best thing to do is to start over afresh,

rather than tinker around the edges," Mr. Thompson said in a telephone interview.

About 5 million families nationwide, or 14 million people, rely on the federal program, officially called Aid to Families with Dependent Children. That is a national record, and the increased costs and caseloads are driving the public's antipathy in many states.

Wisconsin, where 243,000 of the state's 5 million residents receive benefits, is one of the few states where caseloads have actually declined in recent years, falling off 10 percent since 1988.

But there, as in most places, dissatisfaction with the welfare system remains deep. In seeking a complete revision of the program, the state is following a long history of social experimentation.

Mr. Thompson and Mr. Riley both criticized the current welfare system as being anti-work and anti-family. Mr. Riley described the system as "a jailer of people."

But it was clear they had clashing ideas about what a better system might look like, and it is impossible to know what kind of program might result.

Mr. Thompson vetoed Democratic language that suggested a new system might give public service jobs to people who could not find employment on their own.

"Make-work" is not the solution," Mr. Thompson said, arguing that it would be better to give private businesses new financial incentives to hire the needy. But such efforts have generally not worked in the past.

Mr. Riley said, "I believe there has to be some sort of job creation," though he added that he would support a move to limit the time someone could hold a community-service job.

In order to get federal money for its new system, the state must seek federal approval of whatever program it devises. The federal government now pays 60 percent of the state's annual bill, which totals \$453 million, and Mr. Riley argued that the state could not afford to finance a substitute alone.

Legal advocates for the poor were already threatening to challenge the process in court.

"The provisions they seek to get waived may be

provisions that protect poor people," said Henry Freedman, director of the Center of Social Welfare Policy and Law, a New York group that provides advice to lawyers for the poor.

Both Democrats and Republicans in Wisconsin said they would work hard to devise a new system of public assistance. But it remains unclear what would happen if they failed to reach agreement by Jan. 1, 1999, when the current program is to expire.

The Wisconsin move comes as the Clinton administration is also proposing a sweeping overhaul of the welfare system, based on President Bill Clinton's popular campaign pledge to "end welfare as we know it."

Mr. Clinton pledged to impose a two-year limit on cash assistance. After that, he has said, recipients would be required to work or face a reduction in their benefits. But he has not said where the jobs would come from or how the program would be financed.

A study group of administration officials is now drafting a proposal, which may go to him for approval within the next few weeks.



Photographers outside Michael Jackson's Neverland Ranch near Santa Barbara, California, hoping for a glimpse of the entertainer.

Jackson Maid Says She Quit 'in Disgust'

By Jim Newton and Miguel Bustillo
Los Angeles Times Service

LOS ANGELES — A former maid for Michael Jackson has told the authorities that she quit her job with the entertainer after seeing him naked with young boys on a number of occasions, according to sources close to the investigation of Mr. Jackson.

Elizabeth Francia, the former maid, told the Los Angeles Times that it was true that she quit in 1991. "I was disgusted," she said. "I could not stay."

Miss Francia is scheduled to give a deposition later this week, and she declined to discuss what she saw in detail, saying she preferred

to wait until after she had spoken under oath. She confirmed, however, comments from sources who said she gave investigators details of her years with Mr. Jackson and her reasons for leaving.

Larry R. Feldman, the lawyer for a 13-year-old boy who alleges that the singer sexually molested him, declined requests for comment on Miss Francia, but he has previously said that she is an "extremely significant witness."

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High Tide for Immigrants

WASHINGTON — Two years after Congress liberalized the nation's immigration laws, the United States in 1992 admitted 810,635 legal immigrants, representing one of the largest one-year increases since the turn of the century.

A total of 336,663 of these newcomers, or 41 percent, relocated in California, more than the sum of new immigrants in New York, Texas, Florida and New Jersey, which had the next highest tallies.

The leading countries of emigration to the United States were Mexico, with 91,332; Vietnam, 77,728; the Philippines, 59,179; and the republics of the former Soviet Union, 43,590. The report does not include numbers for illegal immigration, estimated to be 200,000 to 300,000 a year.

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Kevorkian Faces a 3d Trial Over Suicide Help

The Associated Press

ROYAL OAK, Michigan — Jack Kevorkian was ordered Tuesday to stand trial on a charge of helping someone with Lon Gehrig's disease commit suicide. He now faces three trials in separate deaths.

District Judge Daniel Sawicki ruled that there was enough evidence for Dr. Kevorkian, 65, to be tried on a charge that he helped Merian Frederick, 72, commit suicide Oct. 22 by inhaling carbon monoxide.

Judge Sawicki refused to reduce Dr. Kevorkian's \$50,000 bond, set

two weeks ago. Dr. Kevorkian has been jailed since then and has refused solid food during that time.

Later Tuesday, Dr. Kevorkian planned to be in another court for a hearing on efforts to get one case dismissed. His lawyer, Geoffrey Fieger, said he could show that the death of Donald O'Keefe, who had bone cancer, met the guidelines set out by a Wayne County Circuit Court judge, Richard Kaufman, for committing a reasonable suicide.

Dr. Kevorkian, a retired pathologist, has been present at 20 deaths since 1990. He is challenging the

constitutionality of Michigan's law prohibiting the assisting of a suicide, enacted this year to stop him.

During the hearing in Oakland County, Judge Sawicki refused to consider arguments that the Frederick case should be dismissed based on Judge Kaufman's ruling Monday.

He heard testimony from Mrs. Frederick's relatives, including her son, Richard Frederick, who said, "My mother was terminally ill and wanted to end it all." She had had amyotrophic lateral sclerosis, known as Lou Gehrig's disease.

Judge Kaufman ruled Monday that people suffering from illnesses from which they are unlikely to recover had the right to kill themselves. But he also said the decision to die must be made rationally and without undue influence.

In the hearing, Mr. Fieger said he would show Judge Kaufman a videotape of Mr. O'Keefe, 73, telling Dr. Kevorkian, "I want to stop the pain. I want to stop the suffering."

Under Judge Kaufman's ruling, if Dr. Kevorkian can show that Mr. O'Keefe met the conditions he outlined, the charge of assisting a suicide could be dismissed.

First Random Testing Backs Estimates of 1 Million HIV Cases

By Boyce Rensberger
Washington Post Service

WASHINGTON — The first attempt to estimate the prevalence of the virus that causes AIDS by testing blood from a random sample of Americans indicates that 300,000 to 1 million are infected, according to the National Center for Health Statistics.

Gerardine McQuillan, an epidemiologist with the U.S. agency who presents the findings, said the figures "generally confirm" estimates by the Centers for Disease Control that have been based on a different method. For several years, the centers have estimated that about 1 million Americans are infected with HIV.

Efforts to measure the size of the AIDS epidemic have been notoriously difficult, both because of the unwillingness of many people in high-risk groups to be

tested and because of the long and highly variable period between the onset of infection and the first symptoms that might prompt a person to be tested.

Ms. McQuillan said that in her survey, 7,992 Americans over age 18 were selected from 1988 to 1991 to represent the entire country and agreed to have their blood tested and the results reported anonymously. Of these, 29 were HIV-positive, about 0.36 percent. If extrapolated directly to the population in the same age group, the survey would suggest that 550,000 Americans are infected.

"But we know that's got to be an underestimate," she said, "because we only surveyed people living in households who agreed to be tested. We didn't include people in prisons or other institutions or the homeless." And, she said, some people refused to cooperate. These untested groups are known to have relatively high rates of HIV infection.

The wider span of 300,000 to 1 million comes from a statistical calculation designed to show the range within which one can be 95 percent certain that the true prevalence of the infection lies.

Ms. McQuillan reported the figures at the National Conference on Human Retroviruses and Related Infections, being held here this week.

The Centers for Disease Control's chief epidemiologist, John Ward, said that 1 million has not changed for a number of years, reflecting the belief that the epidemic is roughly stable. In other words, the number of infected people who come down with AIDS and die is offset by the number who are newly infected.

Since the beginning of the epidemic in the early 1980s, Centers for Disease Control figures show that about 339,000 Americans have become infected with HIV and about 204,000 of these have died. Mr. Ward

said it is estimated that 40,000 to 60,000 Americans become infected each year.

"That's a lot, but not as much as it was in the early days of the epidemic," he said. "AIDS is more of a stable situation now."

Ms. McQuillan offered much the same interpretation. "AIDS has not exploded the way some people thought it might," she said, "but, on the other hand, we're not making much headway in bringing down the numbers."

When the blood test results are broken down by ethnic group, she reported, they suggest that 0.3 percent of whites are infected, compared with 1 percent of blacks and 0.4 percent of Mexican-Americans. In all groups, men were twice as likely to be infected as women. The highest infection rate was among black men, 2 percent.

AMERICAN TOPICS

'Poetry in Motion' Graces N.Y. Subways

Placards in every one of New York's 6,000 subway cars now feature poems along with the advertisements. They include an excerpt from Dante's "Inferno," John Keats's ode "To Autumn" and the first stanza of T.S. Eliot's "The Love Song of J. Alfred Prufrock."

The response from the passengers — 33 million a day — has been enthusiastic. Beth J. Harpe of The Associated Press reports.

The program, called "Poetry in Motion," began a little over a year ago after the Transit Authority's president, Alan Kiepper, saw po-

Short Takes

CHIT Notes, synopses of the classics, have long made it easier for college students to avoid read-

ing "Madame Bovary" or "Wuthering Heights." Now comes a new short-cut: notes from college lecture classes, which students can purchase from an off-campus entrepreneur if they cut a class. Taking notes for others is, of course, economically viable only for large classes with hundreds of students.

Some professors condone the practice and even collect royalties on sales of their lectures, but most condemn it. The University of Florida spent \$100,000 in legal fees trying to stop sales of its professors' notes, but a federal jury rejected its arguments. The university is considering an appeal.

Ivan the gorilla is expected to move from isolation in a department store window near Seattle to the Atlanta zoo, which has 10 gorillas. The African lowland gorilla, captured in the Congo in 1964, has spent nearly three solitary de-

Samuel Stayman, Creator of Bridge Convention, Dies

NEW YORK — Samuel M. Stayman, 84, known to bridge players throughout the world because of the Stayman Convention, a form of inquiry in bidding, died of cancer Saturday in Palm Beach, Florida.

Mr. Stayman was best known for the Stayman Convention, a two-club bid in response to one no-trump to ask for a major suit, which is used almost universally.

Building on suggestions by his partner, George Rapee, and others, he published the first article on the convention in 1945, and developed the idea in further articles and books.

Today there are a host of Stayman offshoots.

Arthur Higbee

Herald INTERNATIONAL Tribune

15-12-93

Argentines Bare Vast Nazi Web in Just-Opened Files

By Nathaniel C. Nash
New York Times Service

BUENOS AIRES — Two years after President Carlos Menem announced that he would open Argentina's "Nazi files," investigators here say they have found more than 1,000 names of suspected Nazi war criminals and collaborators who fled to Argentina after World War II — a number that is many times more than previously documented.

And the investigators say the hundreds of thousands of pages of documents they have studied in the last eight months show not only the government's policy of welcoming Nazi war criminals, but also its efforts to impede the search for and prosecution of them by other governments.

Before the latest documents were disclosed, those tracing the movements of Nazi war criminals had credible evidence of no more than several dozen who entered Argentina, including Adolf Eichmann, the architect of the Nazi campaign to kill the Jews of Europe, who was kidnapped by the Israelis in 1960 and hanged in 1962, and Josef Mengele, the "doctor of death" at Auschwitz, who was determined to have drowned in Brazil in 1979.

"We have probably gathered one of the most exhaustive archives documenting the movement of Nazis after the war that exists, certainly the most exhaustive

in Latin America," said Beatriz Gurevich-Rubel, director of research project.

"When we started, everyone said we wouldn't find anything," she said. "They said the files had either been sanitized or destroyed by neglect. We found so much more than they ever imagined."

The project is being sponsored by Argentina's umbrella Jewish organization, the Delegation of Israelite-Argentine Associations, through its foundation; the World Jewish Congress; and the private Fundacion Banco Mayo.

Of the more than 1,000 names of suspected war criminals that researchers have compiled, they have prepared dossiers on 230 of them to be sent to Yad Vashem, the Holocaust research center and museum in Jerusalem, for further study on what role they might have played in the war. The researchers say they have accumulated so many files from the Argentine archives that within six months they will have hundreds more names.

Most of the names the researchers have come up with, they say, are new to the world of Nazi-hunters and represent scores of lesser known officials, most of whom were in their 40s and 50s at the time.

Some, for example, were sentenced to death by European governments after the war but disappeared in Argentina, never to be found again. But very few are

believed to be still alive. The research project is not intended to search for them, though it will make its archives available to those seeking to investigate individual cases.

The documents show, for example, that Ante Pavelic, the leader of the pro-Nazi government that ruled Croatia from 1941 to 1945, entered Argentina after the war with eight Croatian aides and later was suspected of forming gangs of thugs in the waning days of the government of General Juan Domingo Peron, the leading figure in postwar Argentine politics.

But not previously known was the entry of Pavelic associates accused of war crimes: Berkovico Jose, Eterovic Mirko, Bogdan Ivan, Nikolic Vinko, Uvanovic Daniel, Colak Marko, Lackovic Esteban, and Yovovich N. Yakob.

The United States warned Argentina in September 1946 that as many as 200 Nazi agents were planning to come after false identities, including Charles Lesca Sarraugel, a French journalist who collaborated with the Nazis.

The documents also reveal new details about some of the more notorious Nazis who came to Argentina. They show that in 1938 Mr. Mengele, the doctor at Auschwitz, petitioned Goethe University in Frankfurt to restore his medical degree, which had been stripped

after the war. Mr. Mengele came to Argentina under a false name using an International Red Cross passport, but soon began using his real name. According to the documents, his whereabouts were known in detail to American authorities, who were repeatedly stymied by Argentine officials in apprehending him.

"There was a kind of silent conspiracy not to capture the war criminals that continued for years," said Ruben Ezra Beraja, president of the Jewish organization. "The request to arrest Mengele was made in 1957, and the order for his arrest was not made until 1961, four years later."

There are also new details about the search for Martin Bormann, Hitler's deputy, whose remains were believed to have been found in the rubble of Berlin but who is also speculated to have escaped and found refuge. According to the archive, American officials had reports that Mr. Bormann was living in northern Argentina, but the reports were never followed up by the Argentine police.

The research project hopes to go beyond finding documentation on war criminals, said Mrs. Gurevich-Rubel, the research director. Its broader aim is trying to explain why Argentina became so receptive to the ideals of Nazi nationalism before and during most of the war, and was then so willing to receive fleeing war criminals.

FBI's Neo-Nazi Investigation Targets 'Farm Belt Führer' of Nebraska

Compiled by Our Staff From Dispatches

WIESBADEN, Germany — Louis J. Freeh, the FBI director, confirmed Tuesday that he was launching an investigation of American extremists who help German neo-Nazis, something German officials have long awaited.

Mr. Freeh would not disclose details.

Gary Lauck, a Nebraska extremist known as the "Farm Belt Führer," is the most important supplier of leaflets, posters, and newspapers to neo-Nazis in Germany, where publishing the hate material is illegal. German security authorities have been complaining about Mr. Lauck, who is out of their reach because his

printing operation in the United States is protected by the First Amendment.

Mr. Lauck is not the only American link with German extremists.

German news reports say the Ku Klux Klan is drawing a growing number of sympathizers among German neo-Nazis.

German authorities have been trying to crack down on extremists, who have killed 30 people over the past three years.

Mr. Freeh said German authorities gave him reports documenting collusion between American extremists and German neo-Nazis.

He met Tuesday with Hans-Ludwig Zachert, president of the Federal Criminal Office in Wiesbaden.

The FBI director said that he and Mr. Zachert discussed "cases involving hate crime and extremist rightist activity in the United States directed against minority groups here in Germany."

In a racket case involving Americans, two German skinheads who led an attack on U.S. large team members at a training center last month were charged by prosecutors Tuesday with causing grievous bodily harm.

Hein-Jürgen Nebel, state prosecutor in the East German town of Meiningen, said that a 16-year-old

and a 21-year-old had been charged in the attack on a U.S. tobogganer, Duncan Kennedy. (AP, Reuters)

Anti-Semitic Threat Seen

The head of Germany's Jewish community said Tuesday that he expected more Russian Jews to emigrate after the strong nationalist vote in Russia's parliamentary election, Reuters reported from Bonn.

Ignatz Rubin told a radio station that Jews were now more threatened in Russia than they were in Germany. The rightist vote amounted to "a new dimension to right-wing radicalism in Europe" and came as anti-Semitism was also on the rise, he said.

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U.S. Is About to Allow Bidding in Vietnam

Compiled by Our Staff From Dispatches

HANOI — American companies can soon begin bidding on nearly \$600 million worth of proposed development projects in Vietnam financed by international institutions, U.S. officials said Tuesday.

It will be the first time American companies do business in Vietnam since the country fell to North Vietnam on April 30, 1975, when the U.S. Embassy closed and a trade embargo was imposed.

"It's a step forward and an opportunity for companies that have goods and services required under those loans," said Frank Hawke, vice president and Indochina manager for Citibank, which has a representative office in Hanoi.

President Bill Clinton announced Sept. 13 that he was easing the embargo to allow such bids, but his order is not yet in effect.

Kenneth M. Quinn, deputy assistant secretary of state for East Asian and Pacific affairs, said that the Treasury Department had drafted the regulations, and "I think they are likely to be put into effect this week or next."

Mr. Quinn was in Hanoi accompanying Assistant Secretary of State William L. Crowley, who was urged by Foreign Minister Nguyen Manh Cam to speed up normalization.

"As Secretary of State Warren Christopher said, between Vietnam and the United States there is no more war," Mr. Cam said. "We need to promote relations to a new stage of development."

Mr. Lord came to Vietnam this week to review progress in the key issue for the United States — determining the fate of more than 2,000 U.S. servicemen listed as missing in action in Indochina, 1,648 of them in Vietnam.

"There has never been evidence uncovered of someone being held alive," Mr. Lord said after talks with Vietnamese officials.

Under the embargo, American companies have not been permitted to do business in Vietnam, but they were allowed to open representative offices to analyze the market and build up contacts for the time when the sanctions were lifted.

At stake are three loans either approved or in the process of approval by the World Bank for \$330 million for road improvements, primary education and agriculture.

Also open to U.S. bidding will be three loans from the "Asian Development" Bank amounting to \$260 million.

(AP, AFP, Reuters)

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THE TRADE DEAL / ASIAN CONFIDENCE

A Shot in the Export Arm for a Dynamic Pacific

By Michael Richardson International Herald Tribune

SINGAPORE — Asia-Pacific countries, whose rapid economic growth is closely tied to trade, said Tuesday that the U.S.-EC accord should help sustain the region's dynamism into the next century.

Officials and analysts expressed confidence that the deal between the United States and the European Community, coupled with earlier agreements by Japan and South Korea to partly open their rice markets, would pave the way for a global pact on Wednesday to liberalize international trade in goods and services.

Such a pact, while it has a number of flaws, would cut tariff and nontariff barriers on all products by a third, said Alan Oxley, a former Australian government trade negotiator who is now a consultant in Melbourne.

Hosokawa Is Facing Revolt Over Rice

By T. R. Reid Washington Post Staff Writer

TOKYO — Prime Minister Morihiro Hosokawa battled Tuesday to keep his coalition government together following his historic decision to end Japan's ban on rice imports.

With the current session of Japan's Diet, or parliament, scheduled to end Wednesday, the opposition Liberal Democratic Party was considering some form of no-confidence motion which would be used to challenge Mr. Hosokawa.

The risk for the Liberal Democrats was that a no-confidence motion might succeed because of anger in the Diet about the rice decision.

That would force a general election, which the Liberal Democrats probably could not win.

Accordingly, the Liberal Democratic leadership was reportedly leaning toward a limited, modified no-confidence motion.

It would target not Mr. Hosokawa and his government, but rather two cabinet ministers who would be made scapegoats for opening the rice market.

This option is known here as the "Double Hata," because it was aimed at Foreign Minister Tsutomu Hata and Agriculture Minister Eiichi Hata.

It would give the Liberal Democrats a chance to punish Mr. Hosokawa and his rice policy, but would probably not lead to the fall of the government.

If "Double Hata" passed, the two ministers would have to resign from the cabinet, the traditional response to traumatic political events in Japan.

Polls show that most Japanese voters agree that Mr. Hosokawa had to accept rice imports as part of the deal for the General Agreement on Tariffs and Trade.

But the minority who oppose the move are fierce in their opposition and they made that clear Tuesday.

A small but bitter band of farmers demonstrated in the rain outside the Diet building, among other incongruities, the farmers, traditionally strong conservatives, cheered for Communist Party leaders who condemned Mr. Hosokawa.

Meanwhile, some members of the Socialist Party, the largest single party in Mr. Hosokawa's coalition, were talking about quitting their party, and the coalition, to protest the rice move.

Protesters Go Unclad Against The Fur-Clad

LONDON — Three anti-fur protesters shocked Christmas shoppers in a busy London street on Tuesday by wearing only briefs and banners.

"We'd rather go naked than wear fur," read the banners wrapped around the two American women and a British man. They are supporters of People for the Ethical Treatment of Animals, a U.S.-based group that opened an office in London this month.

About 40 police officers quickly arrested them and stopped them from marching on Regent Street.

"I think we have made our point — that it is better to be naked than kill animals for fur," said Anthony Jeffries, 28.

General Agreement on Tariffs and Trade

Signatories: 127 nations, including all major trading nations, plus 16 nations that have not yet joined.

Key developments: There have been eight rounds of negotiations, dealing with specific trade issues.

U.S. (Giscard): The 28-year-old president of France, who has been in office since 1974.

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FRANCE: A 'Great and Beautiful' Cultural Victory

Continued from Page 1

Balladur has purely and simply betrayed the interests of France."

Former President Valéry Giscard d'Estaing, whose Union for French Democracy party forms part of the coalition government, also seemed reluctant to give too much credit to Mr. Balladur.

"France has obtained some positive results," he said, "but it hasn't achieved all the aims it had set itself."

Mr. Giscard d'Estaing's reticence, however, had as much to do with domestic politics as it had with foreign trade.

A political victory for Mr. Balladur on GATT also poses a problem to Jacques Chirac, the leader of the Gaullist party, Rally for the Republic. Mr. Chirac also has presidential hopes, but since March he

has been increasingly overshadowed by the soft-spoken man he nominated to become prime minister.

The opposition Socialist Party, on the other hand, has predictably criticized the draft GATT accord, claiming that it would have been firmer had it still been in power.

At the same time, Socialist leaders are hoping to harvest support among farmers.

In the dispute over audiovisual trade, however, even Jack Lang, who served as culture minister in the former Socialist government, sounded pleased.

"It's not a victory of one country over another," he said. "It's a victory for art and artists over the commercialization of culture."

In the negotiations with the United States, France called for a "cultural exception," arguing that the elimination of subsidies to the French movie industry and quotas on American films shown on European television would enable the

Hollywood juggernaut to crush French culture.

But France's foreign minister, Alain Juppé, warned that the issue was not closed, with Washington likely to seek alternative ways of liberalizing audiovisual trade.

"We won satisfaction today, but we will have to be vigilant tomorrow," he said. "The United States will return to the charge."

Jean-Jacques Beineix, a French film director who joined the battle for "cultural exception," used a similar metaphor. "The enemy troops are sticking to their positions," he said. "They have not been able to launch their final assault, but they will."

But France's new culture minister, Jacques Toubon, who had warned that French culture was at risk in the dispute, said Tuesday's agreement would at least give the European Community time to develop "a competitive European audiovisual industry representative of our cultural identity."

Heavy Fighting in Sarajevo

Shelling Kills 12 Civilians, Airport Is Closed

By Chuck Sudetic New York Times Service

SARAJEVO, Bosnia-Herzegovina — Intense firefights in central Sarajevo and heavy mortar shelling and sniping throughout the city Tuesday by Serbian gunners left at least 12 civilians dead and more than 20 wounded, hospital officials and news reports said.

The clashes were the fiercest in weeks, with Bosnian Army and Serbian militiamen trading fire with artillery, automatic rifles and rocket-propelled grenades.

Fighting here has escalated since last week when the Bosnian Army mounted assaults on the Serb-held Orlovica neighborhood, reportedly seizing part of one building.

United Nations officials said, however, that they had observed no significant shift in the confrontation line, which winds along the left bank of the Miljacka River and has remained mostly unchanged since soon after the Serbs began besieging the city 20 months ago.

Tuesday's main shelling of civilian-populated areas of Sarajevo was directed from the city's eastern side, with dozens of mortar, howitzer, tank and anti-aircraft shells falling throughout the city in the early afternoon.

Two shell blasts on busy streets killed eight people. A doctor at the

city's main hospital said most of the dead were women. Passers-by loaded the wounded into cars and pickup trucks before removing the dead from the sidewalks.

Another four people died when a shell exploded outside the front gate of the barracks of the Egyptian Battalion attached to the United Nations military contingent here. A Serbian mortar shell fell on the grounds of the city's main hospital and hit one of the buildings, said Western journalists who witnessed the attack.

Bosnian Army and Serbian forces exchanged fire near the Holiday Inn with machine guns as snipers shot at vehicles plying the city's main thoroughfare and sent city workers repairing trolley lines scrambling for cover. Sporadic gunfire continued deep into the night.

United Nations officials closed the city's airport after mortar shells landed within its perimeter, a UN spokesman said.

A Serbian Army official told Sarajevo radio Tuesday night that the Serbs were redeploying troops,

tanks and other heavy weapons to new positions around the city and warned residents to remain under cover.

"This shelling brings no gain in the military sense," said the commander of the UN military force in Bosnia, General Francis Briquemont, after meeting with Bosnian officials.

"I've asked myself many times why it is that the city is shelled," the general said.

Bosnia's prime minister, Haris Silajdzic, said the shelling would not ease the Bosnian government's opposition to a Serb- and Croat-sponsored peace plan that would provide for the division of Bosnia into separate Serbian, Croatian and Muslim states.

"Two years of experience have shown that we will not be softened up in this way," he said, criticizing the United States and other Western countries for empty threats to destroy the Serbian artillery that bombards the city from the mountains above it.

UN officials Tuesday morning announced that they had promised to deliver the Bosnian Serbs fuel in exchange for the lifting of the blockade the Serbs have maintained for weeks on humanitarian-aid convoys.

SQUADS: U.S. Officers Trained Civilians Linked to Salvador Rightists

Continued from Page 1

tions-sponsored investigation of human-rights abuses in El Salvador as the mastermind of the nation's death squads. Mr. d'Aubuisson died of cancer in 1992.

Another U.S. memo, written by a Defense Department official, argued that the Patriotic Ones "are not the types to compose death squads (find them, yes, but get blood on their own hands — certainly not)."

The documents are among some 12,000 government papers on U.S. policy in Central America that were declassified and made available to the public this year. They were found by researchers from the National Security Archive, a private foundation that works for the declassification of government

documents, and the Center for International Policy, a Washington research group headed by Robert E. White.

Mr. White served as ambassador to El Salvador 1980-81 and later criticized the Reagan administration's support for the Salvadoran government in the face of many reports of human-rights abuses by the government in its war against leftist guerrillas.

Those documents and a UN investigation showed that the Salvadoran Army and security forces were associated with death-squad activities, including the killing of hundreds of civilians during the 1980-92 war. U.S. military personnel worked closely with the Salvadoran armed forces, providing training, equipment and advice.

But none of the \$6 billion in U.S. military and economic aid received by the Salvadoran government during the war years was earmarked for military training for civilians.

The worst of the death-squad abuses occurred in the early 1980s, and were thought to have been long past in 1989, when the Berlin Wall fell, the threat of communism receded and the Bush administration encouraged regional peace negotiations in Central America.

But in November 1989, members of the Salvadoran armed forces killed six Jesuit priests in the capital, raising questions as to whether a decade of U.S. training had increased the Salvadoran soldiers' professionalism, decreased their involvement in human-rights abuses or helped bring stability to El Salvador.

It was in this context that the question of continuing to train the Patriots, who had organized only that year, was addressed. Mr. White, the former ambassador, said, "The idea that subsequent to the Jesuit murders this kind of program continued is repugnant."

Members of Congress and Clinton administration officials at the Pentagon and the State Department said the fact that the training of the Patriots continued after the killings of the Jesuits suggested that U.S. military officers were at cross-purposes with U.S. diplomats in El Salvador during the Bush administration.

Mr. Walker is now assigned to the State Department pending hearings on his nomination to be ambassador to Panama, State Department officials said.

oriented economies than the pain of further opening their own markets to imports.

"Seen from this part of the world, almost any compromise agreement between the U.S. and EC would have been welcome," said Hadi Soesastro, an economist who is executive director of the Center for Strategic and International Studies in Jakarta.

The U.S.-EC impasse was the main barrier holding up conclusion of a global trade treaty under the auspices of GATT, the General Agreement on Tariffs and Trade.

Under the treaty, trade in agriculture and in textiles and garments is to be brought progressively within GATT rules. Trade in these sectors accounts for about 20 percent of world trade, and Asia-Pacific countries are expected to be major beneficiaries.

"Most of the things that are of interest to Indonesia and other East Asian countries have already been agreed," Mr. Hadi said. "Having a stronger and more comprehensive GATT will create a more predictable environment for market access."

That would make it more difficult for the United States

and other big countries to resort to unilateral measures against their trading partners, he added.

Voicing a common concern of East Asia, Lee Kuan Yew, Singapore's senior minister, said in Tokyo recently that if the Uruguay Round failed, Japan would "catch a cold" but Singapore would get "double pneumonia."

Singapore's external trade is three and a half times the size of its gross domestic product. While this is the heaviest trade dependence in the region, almost all other East Asian countries rely to a considerable degree on trade to sustain rapid economic growth.

Compared with other areas of the world, East Asia will "reap the most spectacular gains in terms of expanded trade opportunities and enhanced protection against arbitrary nontariff barriers imposed by industrial countries," said Ajay Kapur, regional economist at Peregrine Brokerage Ltd.

A recent World Bank study concluded that if the United States, EC and Japan cut trade barriers by half on imports, developing country exports would increase by \$50 billion a year with East Asia capturing 54 percent, or just over \$27 billion.

of another French victory, he replied: "They didn't win. In fact, the French people lost. They are going to be denied the right to their freedom of choice."

Mr. Kantor also threatened U.S. action against European film and television policies in the future, saying Washington would be "using every tool at our disposal."

But Hugo Paemen, the chief EC negotiator in Geneva, shrugged off the threat. He said it would be "difficult" for the United States to prove injury, a necessary basis for trade retaliation, when Hollywood already controls nearly 80 percent of the European box office.

One senior trade official said the real result was a draw: "Nobody wins, nobody loses. We live to fight another day."

On aircraft, the two sides also fought to a draw. They agreed to keep in force their 1992 bilateral pact setting out limits for subsidies to large aircraft makers while trying to negotiate over the next year a broader pact involving smaller aircraft, engines and other countries.

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Prime Minister Hosokawa at a news conference on Tuesday.

GATT: Fights Shelved, Deal Is Set

Continued from Page 1

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Herald INTERNATIONAL Tribune

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Russians Rebuff Reform

But Yeltsin Has Powers

Russia's parliamentary elections on Sunday, which produced a large vote for ultra-nationalists and hard-line Communists, represent a rebuff both to economic reform and to warm relations with America. But they need not be a calamity.

The passage of a new constitution gives President Boris Yeltsin new powers, and his allies will occupy ministerial posts. Still, Mr. Yeltsin and his fellow reformers will face a parliament at best as unruly as the one he forcibly dissolved this fall. The current political mood is likely to limit the pace of reform. And the resurgence of anti-Western nationalists and the Communists is chastening.

But Mr. Yeltsin and his allies can still outflank the extremists, and while Washington must honor the outcome, it must also do what it can to encourage markets and democracy over the long haul.

Pro-Yeltsin reformers ran second to the Liberal Democratic Party of Vladimir Zhirinovskiy, who is neither a liberal nor a democrat but a demagogue who preaches contempt for ethnic minorities and urges the restoration of Russia's empire. The Communist Party, which opposes privatization, also displayed strength.

But the party slates will fill only half the seats in the Duma, the lower house of parliament. About a third of these are extremists, by latest count. The big winners may thus prove to be regional politicians elected individually in local districts. Although their leanings will

become clear only when the legislature meets in January, many of them are likely to support reform if, in exchange, they can win local concessions from President Yeltsin.

Adroit maneuvering could thus produce a working coalition of reformers and regional leaders. That coalition would be strong enough to press on with privatization, but not strong enough to risk Polish-style shock therapy. The hope is that the coalition could gradually wean large enterprises and the central bank from their easy money policies and keep inflation from wrecking reform.

Mr. Yeltsin's constitution received solid support, although low voter turnout makes the result less than a ringing endorsement. That is likely to invigorate parliamentary challenges to presidential powers. A truly independent judiciary, not yet in place, could play a critical role in bringing the rule of law to Russia.

The president's attempt to remain above the fray certainly shortened his coalitions. That will require him to engage in more sustained politicking to muster support in parliament.

Given the desperate condition in which many Russians find themselves, given also their inexperience with democracy, it is not altogether surprising that extremists of both left and right did well. Yet it is important not to exaggerate the strength of the opposition. A new constitution is in place. Mr. Yeltsin is in place. And he has a chance to form a parliamentary majority. These are three solid reasons why Washington should do what it can to keep Russia on the road to reform.

—THE NEW YORK TIMES.

Unpredictable Future

It could have been worse, but in truth the results of the Russian elections can only be called bad news. At least the new constitution has now been voted into effect. Without it, the political chaos would be much more dangerous—particularly when you consider how the alignment of parties has turned out.

The leader of the misnamed Liberal Democratic Party, Vladimir Zhirinovskiy, says that he is not a fascist. But he represents racial bigotry, a revival of military power and expansion of Russia's boundaries. The latest count of the ballots—which is still far from complete—appears to put his party far ahead of the others. Next, but far behind, comes Russia's Choice, made up of the most committed supporters of President Boris Yeltsin and economic reform. They are closely followed by the old Communist Party and one of its allies, which between them got substantially more votes than Russia's Choice, the Yeltsin party.

Will it be possible for anyone to govern effectively? It is obvious in retrospect that Mr. Yeltsin made a grave mistake in remaining aloof from the election campaign and refusing to give any leadership and help to his friends. The various denominations of reformers are badly split into competing factions, and a great deal now depends on their ability to pull themselves into a coalition strong enough to make decisions. There is speculation in Moscow that, to fend off Mr. Zhirinovskiy and the far right, they may have to make common cause with their old enemies the Communists. That does not sound very promising for the economic reforms that the country desperately needs. While the new constitution gives Mr. Yelt-

sin more power than the previous one, it does not allow him to ride roughshod over the parliament. If, six months from now, he is backed to ruling by decree and threatening parliament with dissolution, he will not have advanced his cause—or democracy's. The new parliament, after all, has been chosen in a free election and will have a legitimacy far beyond anything ever earned by its predecessor, chosen under Soviet rules.

The big vote for the far right and the Communists was clearly driven by a widespread sense of loss—loss of status, loss of security, loss of empire—that translates into resentment of reform and the reformers. People sometimes talk as though change were an option that Russia could accept or reject. In fact, if the economy were healthy and had not stopped growing perhaps 15 years ago, the Soviet Union would never have collapsed. If a powerful reactionary political movement now begins blocking the essential remedies, the frustration and decline can only deepen.

Mr. Zhirinovskiy's new prominence will inevitably increase the anxieties of all of Russia's neighbors, for he has talked grandly of a Greater Russia pushed out to the borders of the old Soviet Union. With that, the quarrels over the status of the Russian minorities in the Baltic countries will become sharper. The Ukrainians will cling more tightly than ever to their nuclear weapons.

This election was immensely important because, above all, it was genuinely democratic—more so than any in Russia's experience. But it has left Russia facing a turbulent political future that is, more than ever, totally unpredictable.

—THE WASHINGTON POST.

Consensus in Chile

Eduardo Frei easily won Chile's presidential election on Saturday. His victory signals a remarkable political change for Latin America's economic pathbreaker.

For decades, Chilean politics was split into three hostile camps—Marxist left, conservative right and Christian center. After Salvador Allende, a Marxist, was elected president in 1970, the country went into political and economic meltdown. Desperate Christian Democrats and rightists hated Mr. Allende more than they loved democracy, opening the door to General Augusto Pinochet's 1973 coup and the 16-year dictatorship that followed.

But recently a broad consensus, including Mr. Frei's Christian Democrats, mainstream Socialists and much of the post-Pinochet right, has taken root. Free markets, democratic politics and special efforts to help the poor constitute its shared faith.

A decade ago Chile became Latin America's economic pioneer, shedding its reputation for state ownership to achieve low inflation and export-driven growth. Even committed democrats concede some credit to General Pinochet. After early economic stum-

bles, he offered his full support to reform. Other observers, less scrupulous about democracy, say that Chile's economic miracle required a dictator tough enough to bulldoze opponents. Maybe. But Argentina achieved comparable reforms without sacrificing democracy or human rights.

Once Chile's economic reforms succeeded, all its major democratic parties embraced them. Since 1990 an elected center-left government led by President Patricio Aylwin, a Christian Democrat, has deepened that reform, reduced poverty and won broad support.

Mr. Frei's main domestic challenge will be to get rid of constitutional deformities like non-elected Senate seats and an army commander not accountable to elected officials. Internationally, Chile will join the Asia-Pacific Economic Cooperation forum next year and will seek admission to the North American Free Trade Agreement as well.

The Clinton administration may be wary of further NAFTA debate. Yet Chile, now Latin America's premier economic and political success story, will present a powerful case.

—THE NEW YORK TIMES.

Other Comment

Build on GATT's Momentum

It will be essential to build on the momentum created in the Uruguay Round, to encourage compliance with the agreement, to present new forms of protection. The dispute over anti-dumping rules may be an omen. The White House may simply need cosmetic changes to smooth the path of the Uruguay Round agreement through Congress. Or U.S. resistance to the proposed tightening of anti-dumping rules may point to an expanded use of anti-dumping

measures in the future. Unfortunately, the growth of anti-dumping actions as a form of disguised protection is a serious threat even under the proposed modified rules. That threat is just as real in Europe, where anti-dumping action has been used to harass the Japanese, as it is in the United States. But the extraordinary thing is that there almost certainly will be something on which to build. Protectionism, defeated in the battle over NAFTA, should now suffer an even more decisive defeat.

—The Australian Financial Review (Sydney).

Yeltsin Needs a Renewed Mandate Soon

By Marshall I. Goldzian

CAMBRIDGE, Massachusetts — The dimming success of the neofascists in the parliamentary elections not only threatens Boris Yeltsin's presidency, it calls into question Russia's commitment to democracy and to the international order.

Consider: The neofascists' leader, Vladimir Zhirinovskiy, has called for "ethnic cleansing" and the re-creation of the czarist empire, including Poland and Finland. Once he even demanded the return of Alaska.

His book "The Last Push to the South" recalls Hitler's "Mein Kampf" and the Nazis' "Push to the East," as Adrian Karatynsky, executive director of Freedom House, points out. It proposes the conquest of Afghanistan, Iran and Turkey in a march on the south in search of warm-water ports.

So Mr. Yeltsin urgently needs to try to offset his foes' strength in the new parliament. He should seek to renew his mandate, and schedule a race for president as soon as possible—perhaps as early as March. This would be risky, because polls show that he has been steadily losing voter support.

If the trend continues, Mr. Zhirinovskiy could defeat him—and use Mr. Yeltsin's new constitution, which creates a strong presidency, to carry out his reactionary policies. But Mr. Yeltsin is

still Russia's best politician. If he applied himself, he might well defeat all comers.

A failure to face up to this challenge virtually guarantees an ever deepening crisis. The longer he waits to seek re-election, the greater the likely stalemate between him and the new parliament and the more his popularity will dwindle.

While that popularity helped him win the narrowest of margins for his constitution, it did not head off the unholy alliance of Mr. Zhirinovskiy's Liberal Democrats and the Communists, who came in third.

Many Russian Slavophiles have long opposed close relations with the West: in the elections, they found a natural home in Mr. Zhirinovskiy's platform. They were joined by Russians angry over the economic crisis and the social and political collapse that have marked Mr. Yeltsin's tenure.

They and the Communists can be counted upon to fight privatization and other fundamental economic reforms imported from the West.

This would mean a stalemate for the reform effort, a kind of replay of the battle that led to Mr. Yeltsin's dissolution of parliament in Octo-

ber and the bloody failed coup. Many of the new lawmakers will do all they can to frustrate him. He was able to write off the old parliament as an archaic Communist-era body; he cannot write off the new one.

For now, Mr. Yeltsin has to return to the basics to improve the day-to-day life of the people. The public wants an increase in cheap consumer goods. He should continue carrying out land reform (especially doubling the size of peasants' garden plots) and privatizing state enterprises and encouraging entrepreneurs.

The political stalemate, particularly the pre-October paralysis, was bad enough. The new situation can spin out of control unless Mr. Yeltsin takes extraordinary steps.

The last Soviet president, Mikhail Gorbachev, was forced out with several years left in his term. If Mr. Yeltsin insists on trying to serve out his term until June 1996 without an early election, he risks the same fate.

The writer, professor of Russian economics at Wellesley College, is author of the forthcoming "In Search of an Economic System: Russia Without Communism." He contributed this comment to The New York Times.

Neo-Nationalism Isn't Only a Russian Temptation

By E. J. Dionne Jr.

WASHINGTON — Vladimir Zhirinovskiy's inappropriately named Liberal Democrats a big vote in Russia's elections on Sunday. Many Russians are clearly unhappy with economic reform and Russia's loss of status in the world. Mr. Zhirinovskiy offers a rather chilling solution. "Why should we inflict suffering upon ourselves? Let's make others suffer."

When you get right down to it, that is what all forms of extreme nationalism preach. Before condemning Russians for giving so many votes to an irrational extremist, consider that that these elections are part of a larger trend toward nationalism around the world.

Nationalism, albeit in a less virulent form, is rising right here in the United States, and those who would understand it should read an article in the forthcoming issue of The National Interest magazine by Alan Tonelson entitled "Beyond Left and Right." I have major disagreements with Mr. Tonelson, which I shall get to, but his piece is brilliant as a description of why the American foreign policy debate seems so strange.

Mr. Tonelson, research director for the Economic Strategy Institute, begins by discussing the odd new alignments over issues such as Bosnia, Somalia and Haiti. How, he asks, can one make sense of a time when Cold War doves want air strikes over Bosnia while hard-line anti-Communists oppose them?

What is really happening, he says, is the collapse of the Cold War internationalist consensus and the rise of a new debate between internationalists and nationalists.

The internationalist, he argues, continues to believe that "international activism itself is the key to

American security and prosperity" and that the United States will never know peace or prosperity "unless the rest of the world also becomes secure, peaceful, prosperous and democratic."

The nationalists believe "in a relatively passive strategy whose supreme goal is consolidating American military and economic strength and enhancing America's freedom of action." Nationalists accept that large parts of the world will suffer

'The best and the brightest tend to escape the worst consequences of these policies, from military service to unemployment.'

from brutal conflicts, but believe that the United States can prosper despite them and should thus mostly stay out of them.

In economics, internationalists believe in an ever more open trading system. Nationalists see the nation-state as "an economic player" and free traders as dangerously naive.

Mr. Tonelson's conclusion is that the nationalist-internationalist battle is opening up a large class gulf in American politics. Internationalists tend to be richer and well educated; nationalists, often labeled "isolationists," are less well-off and have less formal education.

Typically, he says, internationalists conclude that this simply proves

issues now than when it sat on top of the world. But it does not always "win" when, say, Germany and Japan "lose." As Business Week has reported, the current U.S. growth rate would be 3.8 percent instead of 2.9 percent but for the rising U.S. trade deficit. Their recession means that the Japanese and Europeans are buying less from America, costing a lot of American jobs.

Mr. Tonelson sometimes confuses the democratic impulse with the nationalist impulse. Democracy exists within nation-states, and as nations lose control over economic matters to the global market, democracy's writ is narrowed. Thus, many small-D democracies who worry about the effects of the global economy are defending the nation-state's prerogatives not because they are nationalists but simply because that is the only way of asserting the right of average citizens to some influence on economic matters. It is an argument that free traders need to take far more seriously—but it has almost nothing to do with nationalism.

In fact, fighting the rise of "Let's make others suffer" nationalism is a political imperative for decent people in every country. Those who praise nationalism need to understand that, unchecked, it can lead to the frightful irrationality of the likes of Russia's Vladimir Zhirinovskiy.

But internationalists should remember the lessons of the 1930s: that when the international political and economic system falls away people, they look almost anywhere—and especially to radical nationalism—for protection. Internationalism is a noble impulse, but citizens will judge it the way they judge almost all political ideas; by results.

The Washington Post.

Violence on Screen: Desiring What Disgusts Us?

By Mario Cuomo

The writer is governor of New York.

ALBANY, New York — America's television screens are awash in blood. And we're starting to see that the electronic mayhem encourages even more real-life bloodshed in a society that already has at least as much as it can deal with. Americans—a significant number, anyway—want to see something done about it. So it is no surprise that the idea of tough new governmental regulation is beginning to be spoken of seriously in some of the most unlikely and usually clear-minded circles.

But at this point, Americans should ask themselves: Do they really want a thought-police crackdown? Government censorship—and that is what it would be—would mean seizing an important part of Americans' freedom and delivering it to a government they already distrust, substituting the opinions of faceless and unaccountable bureaucrats for their own judgments about what is valuable or interesting or entertaining.

Even if America could muster a cadre of governmental Brahmins that the people would trust more than themselves, what rules would they apply in censoring radio and television—not to mention, eventually, the printed media? Would the televi-

sion program "NYPD Blue" be acceptable because its violence seems to have a moral? How about Arnold Schwarzenegger? Would artificial violence be allowed, but poorly done violence banned? What about news programs that zoom in on the gore and degradation of war?

In the end, government regulation simply does not represent the least intrusive means to the end we all desire. The cure would be worse than the disease.

What choices are left? Maybe we should try a little self-regulation. Can't the rest of us work a little harder at living out the message that violent solutions diminish us as human beings? Can't we work harder at delivering more constructive messages?

Shouldn't we, especially the parents among us, be doing more to reject the violence and filth around us? Can't we keep our children from watching and being contaminated by the poisons of television the way we keep them from the bottles marked with a skull and crossbones? It would surely be part of the solution.

Another alternative would be

Bill and Hillary Clinton—enlisting every thoughtful American, embracing every worried parent, to demand that we aim for a higher standard in what the cables and airwaves pump into our lives, in what we see at the movies or buy on a compact disc.

A campaign that includes young people and government officials and corporate executives and spiritual leaders. Such a campaign could help push the American people, through their own good instincts, to the kind of civility and sensibleness and feeling of community that has been eclipsed by the dark images coming from the television screens.

And if the campaign failed, it would nevertheless serve a purpose. It might prove that the executives of radio and cable and television are not, after all, jamming sex and violence and profanity down people's throats, but that they are, in fact, choosing it from a menu called the program guide. That the truth is, the American people boost the ratings of the overheated, made-for-TV movies about other people's adultery. That we're the ones with the appetite for endless re-enactments of the real, live blood and terror of police work.

If the country does indeed contain this extraordinary contradiction—this desire for what disgusts us, this disgust for what we desire—then maybe we Americans should admit it to ourselves. Admit that as a nation we were born in violence and we will live with it, and all our protestations are mostly pretense.

That kind of look in the mirror on the morning after might shock us into a real commitment to change things.

Los Angeles Times.

Russian Roulette With Space Shuttles

By James Gleick

NEW YORK — There is a kind of self-deception familiar to gamblers everywhere. You make a rule for yourself ("I'm going to leave the roulette table when I'm down \$200"), and when the crucial moment comes, you find a reason to break it ("I just remembered that red is my lucky color").

The late physicist Richard Feynman called the space agency at precisely this game in 1986, when he served on the presidential commission investigating the explosion of the space shuttle Challenger. He found that the National Aeronautics and Space Administration was setting safety standards and bending them at the last minute as needed.

"I read of all these [flight] reviews," he said that April, "and they agonize whether they can go green though they had some blow-by in the seat or they had a cracked blade . . . and they decide yes."

He went on: "For the next flight we can lower our standards a little bit because we got away with it last time . . . It is a kind of Russian roulette."

Seven years later, desperate as ever to keep the shuttle flying, NASA is bending the rules again. As William J. Broad reported this month in The New York Times, the shuttle's solid-fuel booster rockets

have been creating erratic, uneven power thrusts that could tear the shuttle apart. Engineers calculated that a worst-case thrust would exceed the allowable safety margin. NASA's solution: to change its safety margin. This is the return of Feynman's Russian roulette.

As every honest scientist knows, an engineering standard has to be calculated with blind disregard for what happens to meet it. If you use the knowledge that a particular hazard will flunk the test as a reason to revise the test, you have poisoned the test.

Early in the Challenger investigation, Mr. Feynman stunned a national television audience by dunking a piece of rubber from the booster-rocket's seals into a glass of ice water and demonstrating that it lost resiliency in the sort of cold temperatures that prevailed the morning of the launch. It was a simple demonstration that cut directly through jargon and obfuscation to the heart of the matter.

But Mr. Feynman's more profound contribution to our understanding of the disaster was even subtler: his independent investigation of how the space agency cal-

culates risk. He ridiculed the agency's estimates that the chances of disaster on each flight were about 1 in 100,000—a number that its engineers knew was a product of wishful thinking and fraudulent arithmetic.

NASA now more honestly estimates the chance of a catastrophe on any shuttle flight to be 1 in 78. That is not much less than the chance of dealing the queen of spades off the top of a deck of cards—a staggeringly high risk for a disaster that would cost billions of dollars and the lives of the crew.

But where it matters most, Mr. Feynman's legacy has turned to dust. The agency launches shuttles anyway, bending its own rules.

This is surely the gambler's self-deception—the kind Mr. Feynman had in mind seven years ago when he wrote the prescription that NASA now appears to have discarded. "For a successful technology, reality must take precedence over public relations, for nature cannot be fooled."

The writer, author of "Genius: The Life and Science of Richard Feynman," is founder of the Pipeline, a public access link to the Internet computer network. He contributed this comment to The New York Times.

The Voters Too, Have Bottom Liner

By Richard Cohen

WASHINGTON — Xerox company whose name is synonymous with photocopying, has pleased the shareholders by announcing that it will work force by about 10,000 job

The news brought a cheer. Wall Street, where the company shares jumped 9 percent, has praised the move for what it will do for the company's bottom line.

Not anything. The demise of communism has left the free enter system triumphant—and a system, too. But unchecked and untrolled, the free enterprise system attempt to live up to its Marxist roots. In a way, this is what American corporations have done. To fire workers when don't absolutely need to—to

people as if they were machines. And economic ory aside, it stinks.

But the stench of greed not goes unremarked and unnoticed in Washington, where Democrats joined Republicans in fealty to pay their campaign bills, applauded. American workers days can find few champions. Ra the politician who is willing to

"How dare you!" to those who wish and wean as little more obstacles to bigger profits in the of efficiency, people are cast asid.

No one would argue for ineffic cy. No corporate executive can af to dismiss the stock market and role of institutional investors, i plan and the like. No one ignore foreign competition and of cheap labor. The world changed, and American busi must change with it.

But in the last three months, in U.S. corporations have amount the elimination of about 85,000 j usually not to make a profit, bu make a bigger one.

These companies insist that the no question of fairness here, they only doing what they have to do. Fairness is not entirely a quaint t without application in economic happens to be at the core of American value system. In plain guage, fairness means that when go to work for a company and c good job you expect that compan look out for you. You expect, in o words, not to get canned unless company has no other choice.

Xerox has a choice. Last year earned \$600 million. Since relat its birthright from the Japanese the photocopy business—it has b performing just fine. No doubt i now do a bit better, in the short r least. But the long run is differ Employee loyalty is bound to sul and ultimately perhaps perform Wall Street, of course, does worry much about the long run. ! the price of the stock tomorrow i concerns it, and its values have r been adopted by corporate Amer A schoolyard mentality—the ch machismo of investors in expen suits—is its work. Suits care ab workers. Tough is wonderful. It become a way to mask greed.

The donnybrook over the Ne American Free Trade Agreem should have alerted American cor rate leaders to the fact that there rising anger within the Ameri working class—blue as well as wh collar. It has seen its earnings cro even as the incomes of power shuff and number crunchers have grow obscene levels. (Each partner of O man Sachs was recently awarde \$5 million Christmas bonus.)

Americans have begun to i themselves an age-old question w it comes to efficiency: What's in it for me? They should ask that question and make Bill Clinton's miserable Corporate America has bottom line, but so do the voters. — yes! — short run, they i going to collide, and then Wall St and corporate America are going ask what happened. The answer that they got what they had comit

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Determined Duel

VIENNA — The environs of Vienna were the scene of a most determined duel which ended in the death of one of the combatants, an officer. The weapons chosen in the first instance were swords, but though the officer was somewhat severely wounded, the result was not held by either party to be conclusive. A second meeting with pistols took place the following day. The aristocrat fired and struck the officer on the breast, killing him instantly. This sad event has cast a gloom over the whole community.

1918: Musical Mystique

COLOGNE — Cologne is accepting British rule with good grace. There are no troops in the city save a few military police and the posts guarding the Rhine bridges, and the new order of things is being established without an imposing show of force such as marked the German occupation of Belgium and France. The re-

serve of the people has been broken with bagpipes. When the first Scottish infantry entered the city last Sunday (Dec. 7) afternoon to take on the Rhine bridges, they lifted the inhabitants out of their forced call and made them show a real courage and even a little mild excitement.

1943: Eden in Common

LONDON — [From our New York edition:] Great Britain, Russia, China and the United States brought completion at the Cairo and Teher conferences their several plans for the destruction of the Axis and great strengthened the ties that bind the together for post-war collaborati to ensure world peace. Foreign Secretary Anthony Eden told a crowd House of Commons today (Dec. 1) in a speech lasting nearly an hour and acclaimed as perhaps the strongest of his career, Eden gave Commons the first public report on a historic conference since the official communiques were released.

OPINION

Clinton Should Stay Clear of Assad

By A. M. Rosenthal

NEW YORK — Picking them up in North Korea, Russian cargo planes delivered truck chassis to Syria. They are special chassis, used as mobile launchers for Scud missiles targeted at Israel.

For months, the United States and Israel have kept the transfer secret from their publics. It was too embarrassing after all the warm talk from Washington and Jerusalem about how the Russians and Syrians would now help bring peace to the Mideast. On Sunday, the story was broken in The New York Times by Michael R. Gordon.

The chassis are helpful to Syria but will not change the military picture in the Middle East. Next month, however, another special delivery can change the political picture to Syria's enormous advantage — the delivery from Washington of the president of the United States.

To coax Syria back to the negotiating table with Israel, the United States has agreed that President Bill Clinton will meet in Europe with Hafez Assad. Mr. Assad is the longtime president of Syria. He is also a longtime person-butcher — the perpetrator of massacres that have killed thousands of his own people.

Under his rule, the arrest, torture and execution of dissidents has been made government policy. Lebanon was gobbed up and colonized, and 10 Middle East terrorist organizations are trained for and carry out attacks against foreign targets — including American.

For these actions and more, Syria is on the U.S. terrorist list. When President George Bush visited with this man in 1992, Bill Clinton richly denounced ap-

peasement of Syria. So did Israel's prime minister, believes that a Clinton-Assad meeting could persuade Syria to make a deal with Israel if the current Israeli mess with Yasser Arafat is patched up.

The Clinton administration cannot be more cautious about Middle East peace arrangements than Israel, when Mr. Rabin is willing to take the risks. So it may be expected to do everything it can to bring about the agreements — everything decent and within U.S. interests.

But by this time, the United States should have learned that it is neither decent nor within its interests to build up Middle East dictatorships in arms or political stature. In Iran and Iraq the United States found it was building up enemies, for terrorism or war.

There is no evidence that Mr. Assad pays off appeasement. He collects political, military or economic advantages in advance, banks them, and does exactly what he then decides best solidifies his hold on power.

The deserts are littered with the bones of Western, Arab and Israeli diplomats who thought they were smarter than this fellow. He is not only smarter but can murder anybody at home who raises a voice against whatever he decides to do.

But what harm does it do if a president lends the dignity of his office to a big-time killer? What difference if Washington allows Kuwait to transfer

U.S. planes to Syria despite the ban on such transfers to terrorist nations?

Why, none at all, if you do not think America has an interest in promoting democracy and a fighting state terrorism. None, if you do not think Clintonian democratic idealism is corrupted to the point of mockery by siding up to one of the more vicious tyrants.

No, if you feel, as do Mr. Rabin and some other American allies, that involving human rights in international deals is sentimental slop. And none if you feel that Syrian complicity in the downing of Pan Am 103 must be covered up.

Despite Western attempts to white-wash Syria, CIA specialists who were on the case from the beginning believe that Palestinian terrorists operating out of Syria planned painstakingly to bomb an American plane, and when their group was infiltrated, handed the job over to their Libyan friends.

As a candidate, Mr. Clinton promised the relatives of the Pan Am dead that he would not accept a cover-up but would answer all their questions about Syrian and Iranian involvement.

He has not. It is a bit late now for credibility, isn't it? You don't first chat with a mass murderer for your own purposes and then announce that he was innocent all along.

It is not too late to call off the visit with this evil man. Mr. Clinton does not belong with him. If peace is possible between Syria and Israel, it will not be brought a day sooner by allowing the demeaning of the American presidency.

The New York Times



These Self-Styled Arbiters Never Bothered to Ask Me

By Richard Harwood

WASHINGTON — Adolph Ochs, who bought The New York Times in 1896, and Eugene Meyer, who bought The Washington Post in 1933, were typical of the "politically correct" newspaper publishers of their time. They were proper Victorians. They took their cues on what was "fit to print" from the

MEANWHILE

upper-crust social circles in which they moved, barring from their newspapers language and subject matter considered "offensive" in polite society.

The Times, Mr. Ochs vowed, would never "soil the breakfast table" with the salacious trash hawked by its sensationalist competitors. The Post, Mr. Meyer promised, would "observe the decencies that are obligatory upon a private gentleman." When a reporter brought Mr. Meyer evidence that Franklin Roosevelt was involved in an extramarital affair, he was not amused. He had no intention, he said, of publishing information demeaning to the United States presidency.

By mid-century, obedience to the standards of "taste and decency" in the middle-class marketplace had become universal in American journalism except for a few raunchy tabloids. Carnality, eroticism, scatology, profanity, gossip and other vulgarities had no place in "family newspapers." Language codes governing these and other matters of taste were enshrined in manuals of style and usage.

They are still there. But no longer do they afford much protection to bourgeois sensitivities or to the concepts of "taste and decency" advanced by Mr. Ochs and Mr. Meyer. These concepts, as the Post stylebook notes, "are constantly changing" to stay in touch with a new society dominated by baby boomers who have created a unisex colloquial language heavily dependent on obscenity and other vulgarisms for its effects.

This was the language of the World War II serviceman, who may have introduced it to his children, who are today's boomers. Perhaps it is a legacy of the cultural upheaval of the '60s and '70s, which made lavish use of dirty words, sexual experimentation, drugs and noise as generalized forms of protest.

Today the four-letter Anglo-Saxonism is as commonplace as premarital sex among the men and women of that generation. It is endemic, too, in the speech of their children.

The U.S. media are highly reactive to social change, capable, it is said, of spotting trends before they happen, even trends that will never happen. So it is not strange that the language codes and habits of usage in the press and on television now reflect the "taste and decency" standards of the schoolyard and singles bars. The mainstream press is not as uninhibited as a comedian like Howard Stern, although people are constantly trying to extend the outer limits.

But the media culture as a whole is permeated these days with sex, coarse language, violence and vulgarities that were taboo 25 or 30 years ago.

It is tempting to say that we have reached a point in the media and in American civilization at which anything goes. Yet, along with the crudities and insensitivities of word and gesture they serve us for breakfast, leading journalists are embarked on a mission of "political correctness" intended to purge the language — both written and spoken — of all things presumed to be "offensive" to women or to any racial, ethnic, sexual or handicapped minority. It is a mission with Orwellian overtones. The FBI already pokes around into the lives of thousands of people under consideration for federal jobs, searching aggressively for evidence of "offensive" utterances that might suggest bias.

What is "offensive"? The editor of the Los Angeles Times, Shelby Coffey 3d, tackles that question in a 19-page cyclical issued on Nov. 10: "Guidelines on Ethnic, Racial, Sexual and Other Identification." He does not deal with gross and inflammatory epithets such as "gook," "spic," "nigger" or "kike," which were eliminated from newspapers many years ago. What Mr. Coffey deals with in the drive for "correctness" is nuance.

A long entry deals with the term "African American," a recent substitute for "black." "Both this term and the adjective black are permitted under certain circumstances. Keep in mind that a black person is not necessarily an African American and that an African American is not necessarily a black person.

"Heterosexual" is acceptable when referring to straights, but "homosexual" appears to be unacceptable when referring to nonstraights. "Gay" is the word of choice, though "lesbian" is the preferred term for women.

"Dutch treat" is a no-no, "an offensive reference to sharing expenses."

"Gyp, gyped, gyp joint. The terms are derived from Gypsy. They are offensive." "Handicap, handicapped person. The word is offensive." "Hick. Offensive reference to a rural person."

This may be the road to political correctness, but who drew the map? Who among the public has ever said that "Dutch treat" or "gyp" is offensive? None of the people involved in making up these lists has ever polled the universe to arrive at those judgments.

What does the Los Angeles Times consider to be nonoffensive to its readers? It publishes a weekly listing of best-selling books by black authors. In that category the Times reported on Nov. 29 that its nonfiction paperback list was headed by a book written and published by Don Pears. The title was: "In Search of Good Pussy: Living Without Love." That, one must assume, is politically correct in the 1990s.

The Washington Post

LETTERS TO THE EDITOR

African Ombudsman

Regarding "A Homeland That Won't Go Quietly" (Nov. 27):

Bill Keller writes that President Lucas Mangope is "the first and only president" in the 16 years of Bophuthatswana's independence, as if this were different from the rest of Africa. But this reflects the experience of the majority of countries on the continent. And President Mangope at least backs the African trend by insisting on open elections every four years.

President Mangope also installed the first ombudsman in black Africa (which often rules against the establishment, as indeed it should); the law courts are renowned for being independent (again, ruling against the government and others in privileged positions); and economic growth has been virtually unparalleled in Africa.

ANTHONY McCALL-JUDSON, Bophuthatswana National Commercial Corporation, London.

Aftermath in Cyprus

Regarding "Why Turkey Invaded" (Letters, Nov. 26):

Eskil Svane is correct in his explanation

of "why Turkey invaded Cyprus" in July 1974. As he stated, the failed coup by the Greek junta was "not only contrary to international law but to the specific agreements and treaties that guaranteed the independence of the island state."

It is also true that Turkey was one of the guarantor powers, along with Britain and Greece. Lastly, it is true that President Makarios was obliged to flee.

Mr. Svane claims that the Turkish invasion was "to prevent the forced annexation of Cyprus by Greece and to protect the Turkish Cypriots." But the Greek junta had had the intention of annexing Cyprus, there was no time to do it. The Turkish Cypriots were never in danger. There were no casualties during the few days the coup lasted.

The Turkish government claimed at the time that the invasion was "to restore constitutional order." Archbishop Makarios returned to Cyprus immediately after the coup failed. Thus, constitutional order was immediately restored with his return.

But Turkish occupation forces are still there 19 years later. They have expelled 200,000 Greek Cypriots from the Turkish-occupied area in northern Cyprus.

confiscating their property and settling about 100,000 mainland Turks there.

T. L. CHRYSANTHOPOULOS, Athens.

The Source of Natural Law

Regarding "From Calvin and Hobbes to the Pope, Laws Written on Our Hearts" (Opinion, Nov. 27) by James Q. Wilson:

If people need to make up stories about God creating a "natural" law, then that is a reflection of their own moral vacuum. Ethical behavior is a matter of the individual intellect, regardless of one's religious upbringing.

The alleged current lack of "values" results from an alarming lack of intellectual development in our youth. The pope's encyclical serves its purpose well, provided that people don't take it too seriously, and continue to use their own brains to make sense out of the world.

D. HUNT, Prague.

Before the Raj

Regarding "Fuzz and Wuzz... and Out of Control" (Language, Nov. 22):

William Safire writes that Sir Charles James Napier, the British general, took

Sind in 1843 — "some say without imperial orders" — giving a double meaning to his play on words in using the Latin *peccavi* (I have sinned).

In fact, there were no imperial orders in India until after the Sepoy mutiny of 1857-1858, when the British Raj was established — that is, when direct control by the British government supplanted the East India Company.

Mr. Safire owes us a *peccavi*. P. C. HOLZBERGER, Loggia, France.

Ups and Downs of Modems

Regarding "Why It's Hard to Buy Software in Europe" (Business/Finance, Dec. 4) by Mitchell Martin:

The article mentions the outrageous price for modems in Europe. In France, a 2400/9600 modem/fax card sells for about 5,000 francs, and may be easily discounted to 3,000 francs — roughly \$500. In the United States the mail-order price is about \$50!

The problem is not limited to computer hardware and software. Imported scientific equipment sells in France for up to three times the U.S. price. In Germany it is about twice the U.S. price. If U.S. companies wish to enlarge

their exports to Europe, they will have to set limits on the markup imposed by their representatives. Value-added tax and customs represent an addition of about 25 percent to the U.S. prices. They do not justify the huge price differences that are commonly practiced.

GIANNI ASCARELLI, Meylan, France.

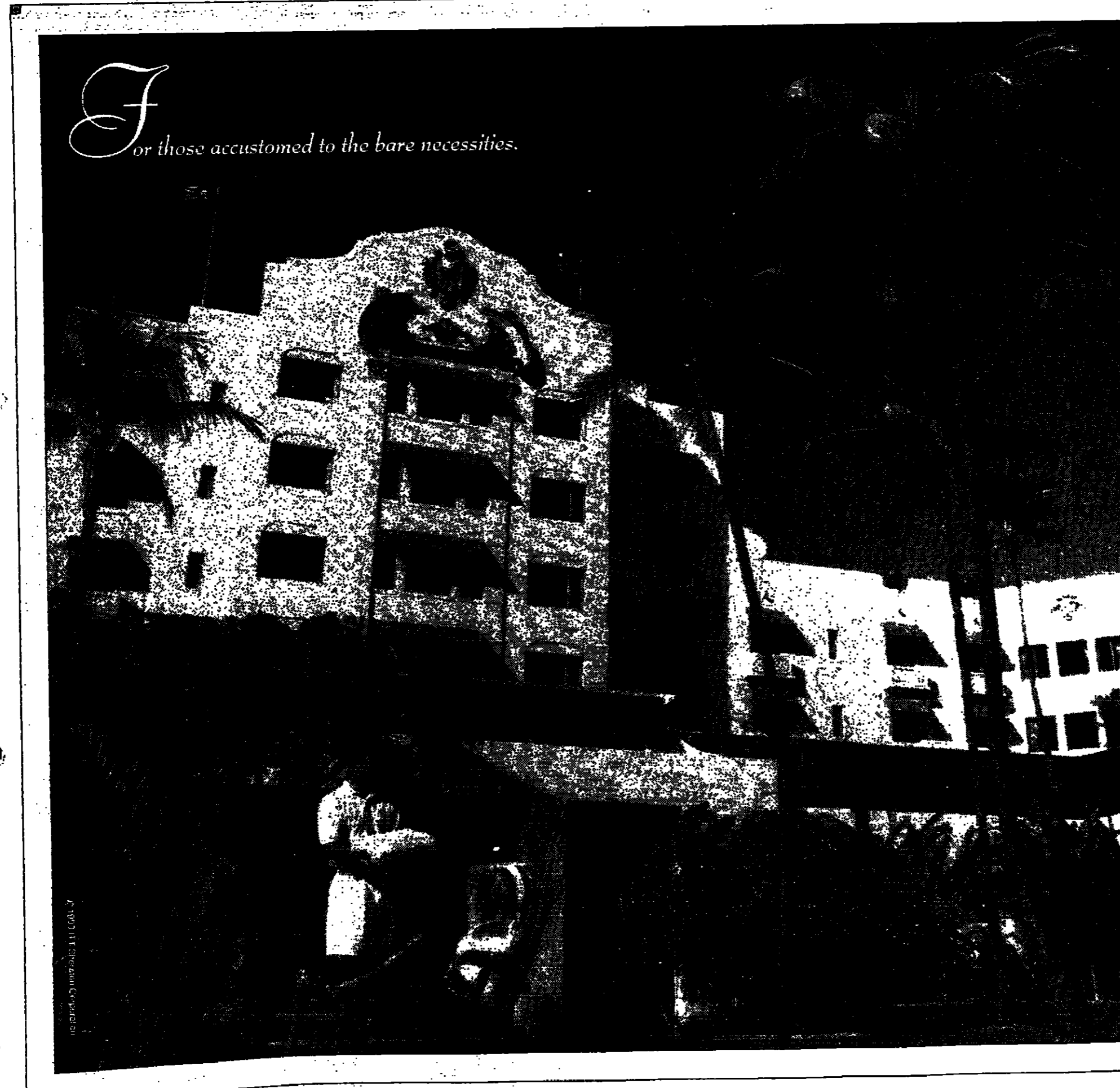
The Dictators' Ploy

"Interference in internal affairs," as it is usually framed, is a clever way dictators throughout the world and especially in Africa interpret (or misinterpret) the United Nations Charter to keep at bay attempts by democratic leaders to end various human rights abuses carried out in the dictators' countries.

World leaders should note that they have every right to monitor and to interfere in any country should this be necessary to save the lives of innocent people suffering under repressive regimes.

Dictators should not be given any latitude to prevent such fair-minded intervention. Each of us should be his brother's keeper.

POKOU BEN, Abidjan, Ivory Coast.



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Bringing Home the (Canadian) Bacon

By Clyde H. Farnsworth
New York Times Service

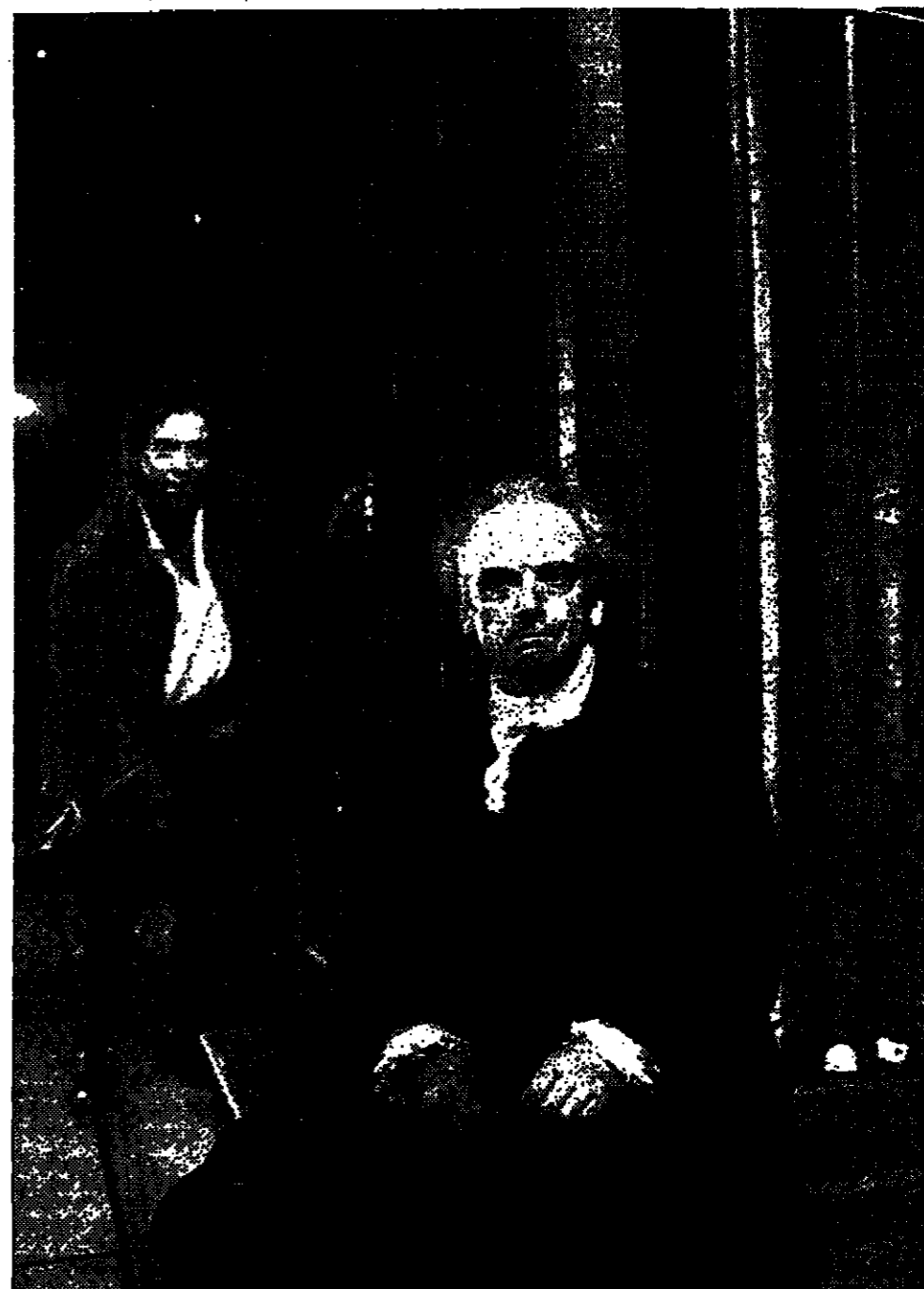
TORONTO—During the War of 1812, Americans burned York, the forebear of Toronto, provoking the retaliatory burning of Washington by the British fleet. In the 1840s, some Americans tried to start wars of national liberation to make Canada part of the United States. During the Civil War, the Confederates used Canada as a sanctuary for raids in Vermont. Since then, the border has been pretty quiet. But now, in this year of the North American Free Trade Agreement, comes Michael Moore, who is shooting his first commercial feature film here, a satire called "Canadian Bacon" that portrays Canada as America's post-Cold War enemy.

Moore, who published an alternative newspaper in Michigan in the 1970s, and in 1986 found himself dismissed from Mother Jones magazine, is a round-faced, roly-poly man, who could convincingly dress in a Santa suit. "I was too left for Mother Jones," he said. "Can you imagine being too left for Mother Jones?" In the movie, now being shot on location in Toronto and along the border, Canadian Bacon becomes the military code name for the campaign to whip up

anti-Canadian hysteria and give back to the United States the enemy it lost when Russia became an ally. A national security adviser in the mold of Dr. Strangelove, played by the stand-up comedian Kevin Pollak, convinces a well-meaning president that this is the way to get defense industries humming and lift his popularity in an election year, when he's being murdered in the polls. "When we started working on this I thought, well, this is fun because it's so preposterous," said Aldo Alda, who plays the hired chief of executive. "But the more I do it, the more I think it's not so preposterous. The president never intends to get into any kind of war situation. He gets carried away by events." Aldo said he had no particular president in mind. "It's a bipartisan takeoff," he said.

GRIFFIN, who plays the role of Americans' lack of knowledge about Canada. While Japan is generally considered the biggest foreign owner of American assets, Canada is actually No. 1, followed by Britain, the Netherlands, and then Japan. Polls show that few Americans can name the Canadian prime minister (Jean Chrétien), while virtually every Canadian can name the U.S. president. "What do we really know about what they're doing up there," asked Moore, "with all that fresh water and all that ice and all those Zamboni machines?" His grin was like a wide-angle lens. In all the nationality-scrambling, the Canadian-born John Candy stars as an American, the overzealous, superpatriotic sheriff of Niagara Falls, New York, whose mobilization in something called the General Schwarzkopf Shopping Mall helps the president improve his ratings. His deputy, a gun nut played by Rhea Perlman, best known as Carla the barmaid in "Cheers," plays the climactic scene in the CN Tower in Toronto. Canadians and Americans are depicted in stereotypes. Canadians are portrayed as polite and peace-loving, always willing to bow to the United States. Jokes target bilingualism. Americans are shown as aggressive, bombastic, a shade Teutonic. The chairman of the Joint Chiefs of Staff, played by Rip Torn, is a loud-mouthed general named Panzer. When the plot of the movie was described to them, several Canadians expressed amusement. "I don't know anyone who would take offense," said Robert Bothwell, a professor of Canadian history at the University of Toronto.

LONDON THEATER



Damian Lewis, left, and Ian McDiarmid in Molière's "The School for Wives."

In Soho and in Film, the Raffish Drifter

By Matt Wolf
New York Times Service

LONDON—David Thewlis likes the cheerfully raffish environment of the Folio Bar in Soho, and so, for different reasons, might Johnny, the drifter Thewlis plays in "Naked." For the 30-year-old actor, whose career-making performance dominates Mike Leigh's film, the bustling pasta bar is conveniently located minutes from his apartment; and as a regular customer, Thewlis says he feels "very relaxed" there. Johnny, on the other hand, would appreciate its buzz and no doubt contribute to it. The Folio Bar is the kind of hangout where one could lapse into wretched howls of rage, as Johnny does early in "Naked," and virtually be ignored in the crush of other Londoners, wayward or otherwise, who—for the moment anyway—have found a home.

At Cannes this year, the film, Leigh's first feature since "Life Is Sweet" in 1990, won awards for best director and best actor and went on to acclaim in October at the New York Film Festival. Yet, as shaped by Thewlis in a performance Vincent Canby in The New York Times said was "staggeringly fine," the movie is as different from "Life Is Sweet" and "High Hopes" (1988) as it is possible to be. Those films were ensemble pieces whose unironic titles allowed light into life's dark tunnel, but "Naked" places its virtuosic leading man on a relentless "Via Dolorosa." Beginning with a sexual assault in a north of England back alley, the film moves to London to follow Johnny's spiraling descent into casual cruelty and no less casual sex—a milieu enriched by his way with words. Johnny is both charming and dangerous, self-destructive and self-aware, as he goes his scruffy way quoting Nostradamus and Revelations like some wide-eyed Satanic tester. Capable of rape in Manchester one minute, he is the wit of East London the next, joking about the "halitosis chorus"

even as he sinks into the "fistula" of the British capital, which is to him what James Joyce's Dublin was to Leopold Bloom. "People come out of the movie very confused," Thewlis said. "The guy violates women; he violates people. He only destroys. The only thing he creates with his intellect and his wit is a weapon of destruction which therefore cancels itself out." While Thewlis was not without doubts during filming, Leigh had faith in an actor with whom he had worked twice before (in "Life Is Sweet" and in his brief 1987 film, "The Short and Curly's"). "The general assumption I make," the director said, "is that I will push each actor quite to the limit and exploit them as much as I can. I knew David could back it with the reading and bring it to the brain power." Thewlis more or less fell into his career. The middle child of Blackpool shopkeepers, he decided in the late '70s to accompany two musician friends to London to audition for the Guildhall School of Music and Drama—and was amazed when they all got in. "I wanted to keep our band together, so I thought I'd apply," he said with a laugh. "Until 'Naked,' his career was the stan-

dard English actor's mix of London and regional theater—Edward Bond's "Sea" and Michael Cresswell's "Lady and the Clown." Other plays—and film and television work. (Thewlis is a guard in the opening moments of Harold Pinter's current screen adaptation of "The Trial.") NEXT summer, Thewlis will be seen in Warner Brothers' new version of "Black Beauty," playing the tubercular cockney cobbler who brings Black Beauty to London. The film's writer-director, Caroline Thompson, agreed that it might seem odd to ask a misogynist to play a sweet cab driver, but in the end, Thewlis's eyes did it: "They're huge," said Thompson, "and have this clarity and honesty about them." But one collaboration between Thewlis and Leigh, a stage "Hamlet," seems unlikely. "It will remain a fantasy," said Thewlis, aware that "Naked" has taken its place. "In a way, I think this is Mike's 'Hamlet'; we've pretty much done it."

Matt Wolf, an American theater critic and journalist based in London, wrote this for The New York Times.

Everyman's Evil Empire

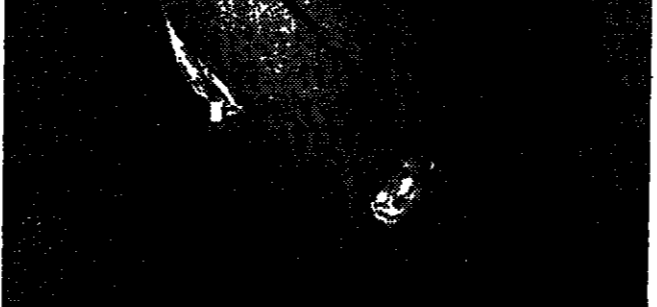
By Thomas Quinn Curtiss
International Herald Tribune

PARIS—Jérôme Savary, of the Théâtre National de Chaillot, has staged Bertolt Brecht's satirical fantasy, "The Resistible Rise of Arturo Ui," which discloses the strategy of evil political forces enslaving free nations. The play was written in 1941. Brecht had fled Hitler's Reich to Scandinavia in 1933 and in 1941

settled in Hollywood, where he found many German colleagues in exile. He sent "Arturo Ui" to American producers, but it was rejected by all, for by then the United States was nearing entry in the European fray and the play's "it can happen here" message was obsolete. But in the late 1940s he became a favorite dramatist and the play was eventually performed in Berlin, Paris, London and in the United States. It is a sprawling affair, as urgent

as a three-alarm fire. It transfers Hitler's career to that of a nefarious mobster—obviously Al Capone—who with his rackets and murders is terrorizing Chicago and is about to seek larger game. Inserts of silent-film titles relate the course of Hitler's doings. The German dictator's massacre of his henchman, Ernst Roehm, and his staff is compared to Capone's mass slaying of his enemies in a garage. Hitler's conning with German captains of industry is paralleled to Arturo Ui's seizure of the vegetable markets.

Brecht had a penchant for re-writing plays by others and here he has slipped in slices of Molière and Shakespeare to embellish the characterization of his antihero.



Guy Bedos in Savary's production of "Arturo Ui."

He displays his versatility—now the bloody edge, now the clownish impostor seeking favors—while Marine Montemont is excellent as his unhappy bride. Since Brecht has shuffled the cards of Hitler's gang into criminals in his program. The outstanding members of the supporting cast are Jacques Debary as the senile Hindenburg, Jean-Pierre

Kalfon as Goebbels, Bernard Ballet as Göring and Roland Blanche as Roehm. Savary has mounted the production in his customary magic circus formula to enliven the teeming Chicago streets and the political rallies. He has engaged the Gospel Chords Singers for spirituals and jazz numbers to establish the period. It is scheduled at the Chaillot until the end of February.

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BOOKS

THE WAR OF THE SAINTS
By Jorge Amado. Translated from Portuguese by Gregory Rabassa. 357 pages. \$22.95. Bantam.
Reviewed by Patricia Aufderheide
REARING a new Jorge Amado novel is like eating yet another Brazilian dinner. The ingredients are predictably pleasant: the beans, the rice, the palm oil, seafood, a zesty dash of lime. The novelty is all in the mix and the company. There's something stale about the execution this time, but you can hardly be surprised. Amado has juggled the ingredients he uses in "The War of the Saints" more than 20 times before. This is the latest novel in a career that began in 1933, with brutally social-realistic works written in the passion of leftist youth. Since then, Brazil has joined the world's top 10 industrial nations, and Amado has mellowed without losing a populist edge to his never-far-from-pulp storytelling. His novels are usually set in or around Bahia, which as the colonial capital was a premier exporter of

sugar and tobacco produced with African slave labor. The legacy of that past is evident—feudal courtyards, an African majority, pronounced African elements in everything from language to food to religion, and endemic tension between Europeans and Afro-Brazilians. Amado has become a revered celebrator of African-Brazilian culture. Although the son of a plantation owner, he is a spiritual leader

in the syncretic African religious practices he often writes about. Amado's romantic melting-pot imagery has been challenged by later generations of social critics. Today's rising black-people movement, which charges that racism is part of Brazilian culture, has a far different take on Brazil's complex cultural heritage. "The War of the Saints" proceeds as if, in matters multicultural, time has stopped.

The novel is in fact set in the late '60s, the time of the generals, of torture, censorship, and student riots. With belated boldness (he began writing this in 1968, picking it up again two decades later), Amado refers to military brutalities and snuffidities, American aid, radical priests, and the protest-and-rejoice music of Castano Veloso and Gilberto Gil. The action is triggered by the

arrival at the Bahian port of an antique statue of Santa Barbara, during carnival. In the syncretic religious beliefs of the region she is also the African goddess Yansan. When the statue comes to life—this isn't magical realism, it's just a garden-variety Amadeoian—the fiercely sexy Yansan walks into and all over the lives of a cross section of Bahian society. It's easy to hate yourself in the

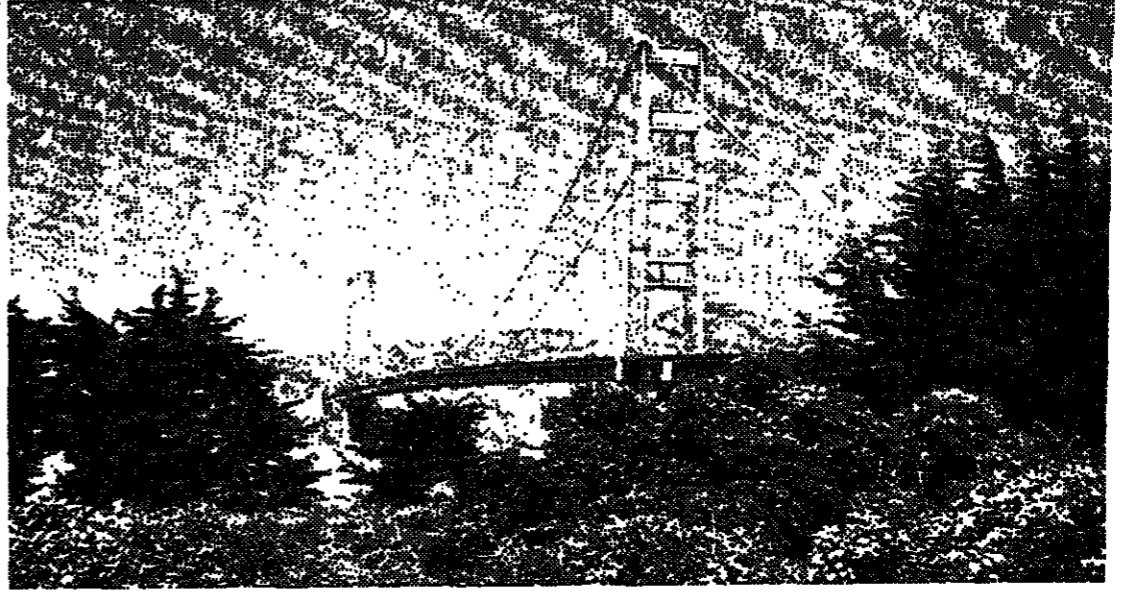
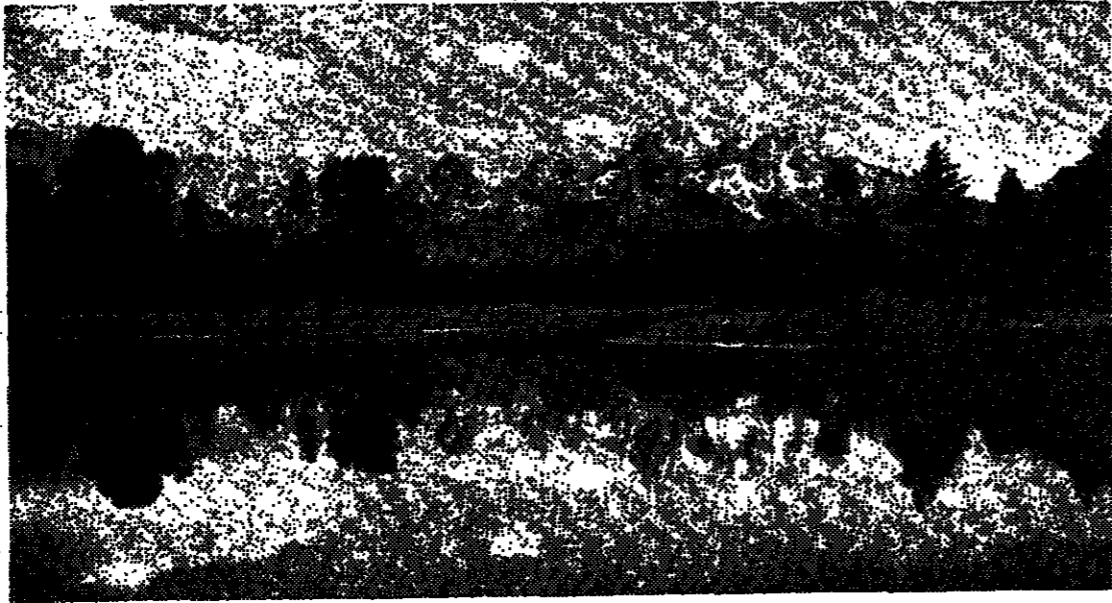
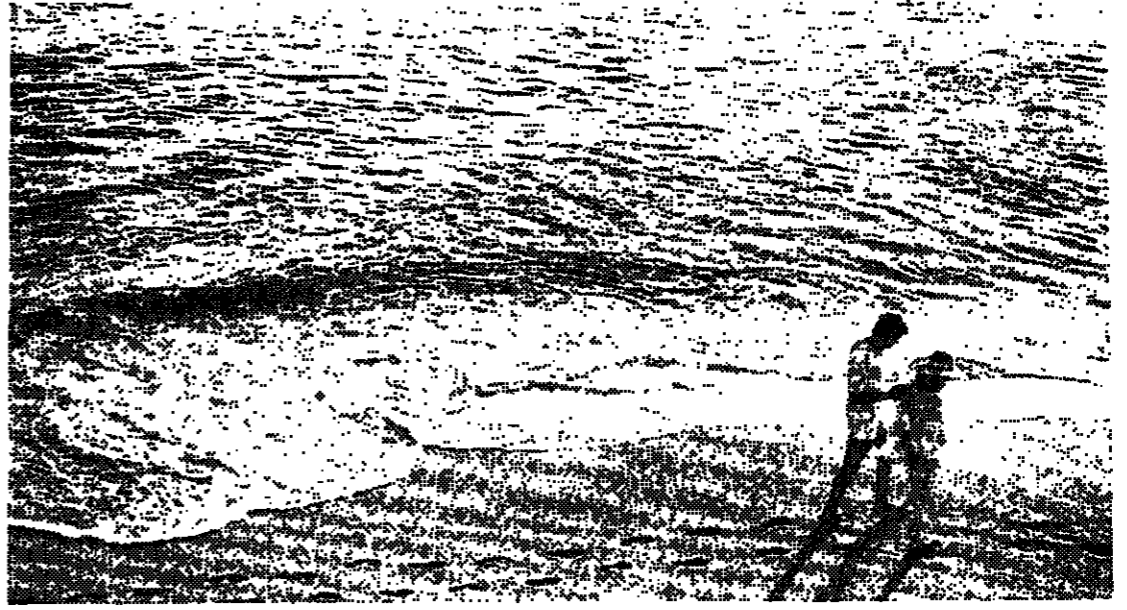
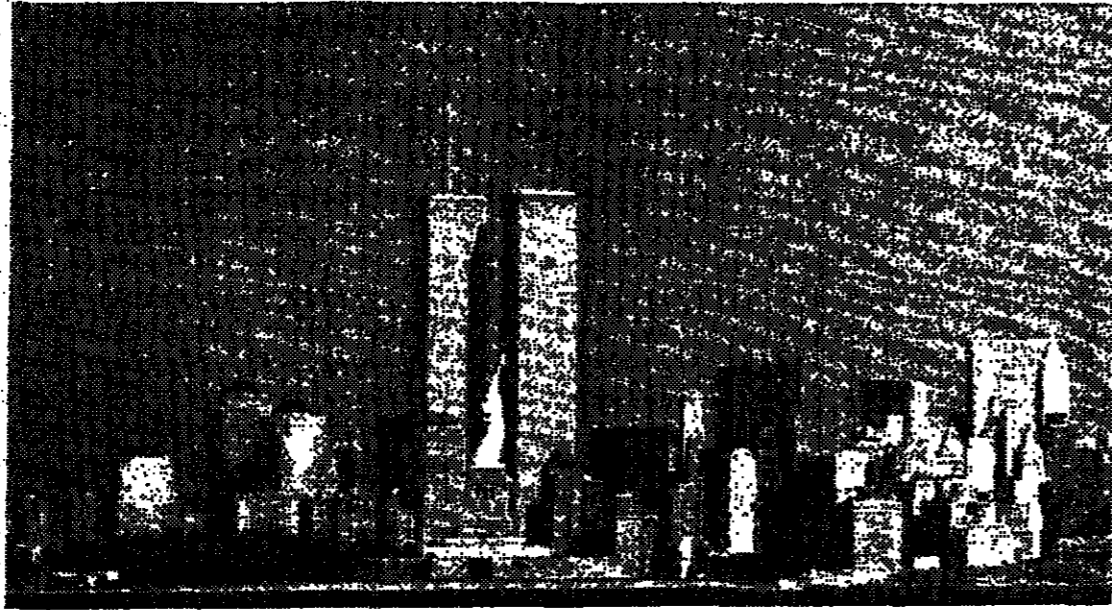
morning after staying up to finish an Amado novel, but this one, like his best, does keep you reading. Translator Gregory Rabassa again virtually erases the gulf between Portuguese and English, while carefully preserving the sense of difference Amado wants for the African-based vocabulary. Amado can perceptively sketch a situation from the point of view of often-opposed protagonists. So we quickly see why the hired killer can be seen as "a reliable professional, a good man," why Adalgisa finds marital sex repulsive, why the feudal landowner must defend his honor with murder. His fascination with Brazil's African side is contagious, even if it sometimes verges on the touristic. And the populist sensibility that grounds the tale can be touching. When stuffed old Dom Maximiliano, astonished, figures out what happened to the statue, a fellow priest reminds him, "Miracles happen... Isn't simply living under the conditions that people do a miracle—one of the greatest?" Patricia Aufderheide, who teaches in the School of Communication at American University, wrote this for The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

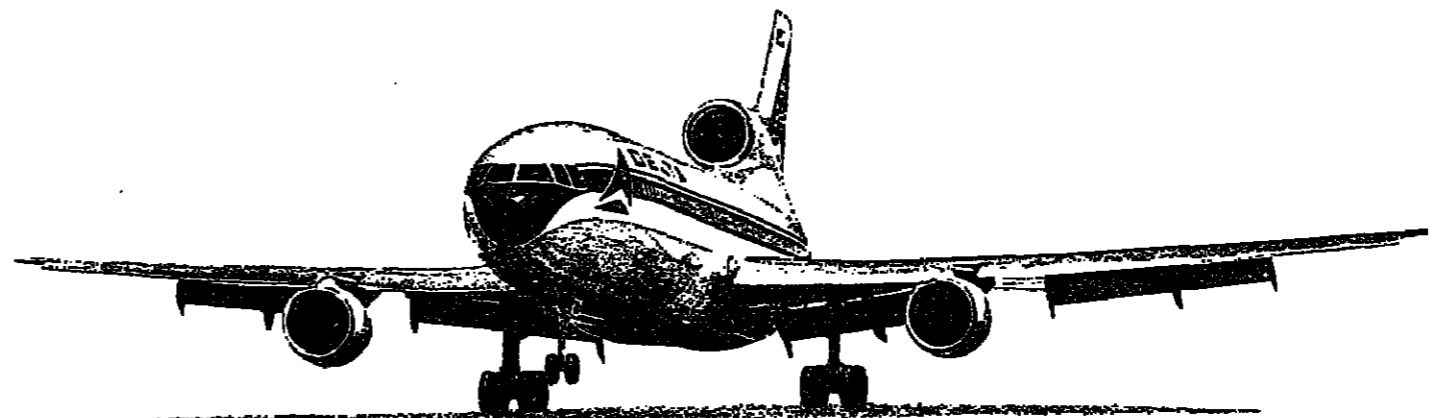
Rank	Title	Author	Weeks on List
1	SLOW WALTZ IN CEDAR BEND	Robert James Waller	1
2	THE BRIDGES OF MADISON COUNTY	Robert James Waller	3
3	NIGHTMARES & DREAMS	Casey Stencil	3
4	WITHOUT REMORSE	Tom Clancy	3
5	THE TRUCE AT BAKURA	Robert James Waller	4
6	LASHEA	Amie Rice	6
7	MR. MURDERER	Dean Koontz	6
8	LIKE WATER FOR CHOCOLATE	Laura Esquivel	5
9	THE CLIENT	John Grisham	11
10	A DANGEROUS FOR-TUNE	Ken Follet	8
11	THE GOLDEN MEAN	Nick Hornby	14
12	THE ROBBERS BRIDE	Margaret Atwood	13
13	DECEIVER	Dick Francis	10
14	THE HOPE	Herman Wouk	10
15	HOTEL PASTIS	Peter Mayle	2
NONFICTION			
1	SEE, I TOLD YOU SO	Rush H. Limbaugh Jr.	1
2	PRIVATE PARTS	Howard Stern	2
3	SEINLANGUAGE	Jerry Seinfeld	2
4	THE HIDDEN LIFE OF DOGS	Elizabeth Marshall	3
5	EMBRACED BY THE LIGHT	Betty J. Eadie	5
6	WOULDN'T TAKE NOTICE FOR MY JOURNEY NOW	Amy Johnson	6
7	HAVING OUR SAY	Sarah and A. Elizabeth Delany with Amy Hill Hearth	7
8	A MARRIAGE MADE IN HEAVEN...OR TOO TIRED FOR AN AFFAIR?	Erma Bomsted	9
9	LOVE CAN BUILD A BRIDGE	Nanami Iida	1
10	THE DOWNING STREET YEARS	Margaret Thatcher	8
11	STAR TREK MEMORIES	William Shatner with Chris Krauss	10
12	WOMEN WHO RUN WITH THE WOLVES	Christina Peck	10
13	THE BEST CAT EVER	Cleveland Amory	11
14	FURTHER ALONG THE ROAD LESS TRAVELED	M. Scott Peck	13
15	CASE CLOSED	Gerard Posner	6
ADVICE HOW-TO AND MISCELLANEOUS			
1	AGELESS BODY, TIME-LESS MIND	Deepak Chopra	4
2	AND IF YOU PLAY GOLF YOU'RE MY FRIEND	Bob Peck with Bob Strain	4
3	MEN ARE FROM MARS, WOMEN ARE FROM VENUS	John Gray	1
4	STOP THE INSANITY!	Susan Power	2


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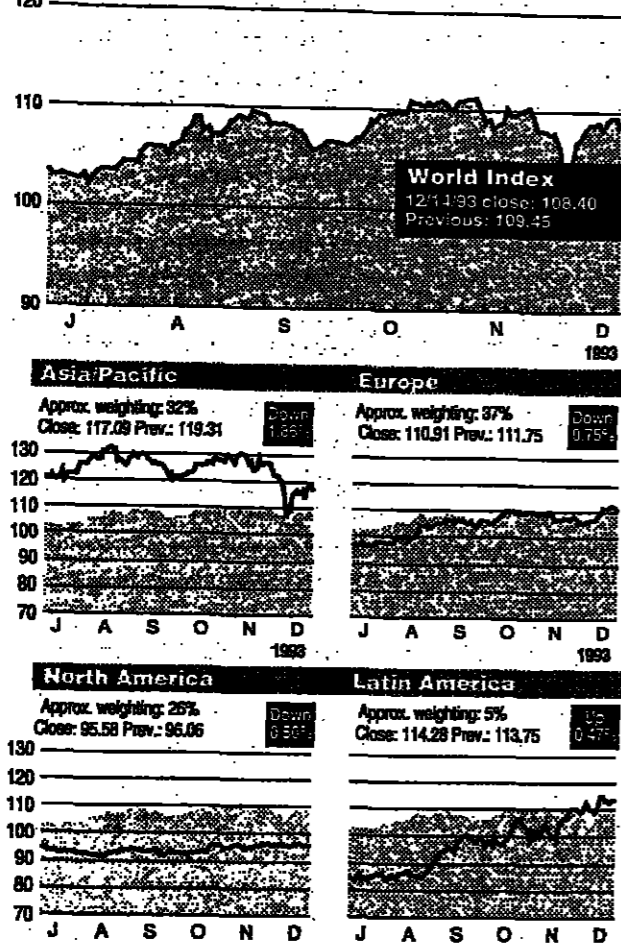


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This Alliance Demands Patience Five Years On, Daimler and Mitsubishi Are Still Talking

By Steven Brull and Brandon Mitchener

A German industrialist visiting Hong Kong in October stumbled upon a group of managers from Daimler-Benz AG and Mitsubishi who were discussing the two conglomerates' latest plans for a grand global alliance.

Asked what the four days of meetings were likely to produce, a Daimler officer told the industrialist: "Not much, as usual."

That downbeat assessment sums up the informed view of the five-year courtship between Daimler and the Mitsubishi group of companies, industrial giants that stand at the center of Europe's and Asia's largest economies.

Indeed, the high-profile dalliance — initiated in 1988 with considerable hoopla by Daimler, which remains the more ardent partner — has so far failed to meet expectations, according to sources in Germany and Japan familiar with both camps.

Potential projects have failed, while others are blocked by prior commitments.

The result has been an "extremely loose alliance," according to Takeshi Eguchi, vice chairman of Mitsubishi Corp., the trading company that is the center of the group and one of four units with which Daimler is talking.

Rather than pooling resources in every area of overlap, from cars to electronics to high-speed trains, he said, "we are tying up only when it works for each individual company" and both sides are allowed to flirt with others. "We're both free," he said.

"We never said we were going to be rebuild the old Tokyo-Berlin axis," added Ursula Merzig-Stein, a Daimler spokeswoman. "All

we said was we'd talk with Mitsubishi about topics of common interest."

Nevertheless, executives of both companies insist it is too early to bury their dream of a more far-reaching exchange. Edzard Reuter, chairman of Daimler, called the companies' last summit meeting in Berlin their best.

"Everything in life takes a certain time to mature. We still believe it can be done."

Gerhard Liener, Daimler's chief financial officer and chief liaison with Mitsubishi.

yet and hailed an agreement involving semiconductor technology as a "milestone" in their relationship.

While some observers dismissed the semiconductor project and others announced in November as "modest" — at \$50 million a year, the projects are financially marginal to concerns whose businesses total billions — Daimler and Mitsubishi continue to dangle the prospect of bigger things to come.

Gerhard Liener, Daimler's chief financial officer and chief liaison with Mitsubishi, termed expectations of an imminent deal on superjet jets or high-speed trains "unreal," but added, "It could very well be that sometime in the next two-three years we achieve something that the public perceives as important."

"Everything in life takes a certain time to mature," he said. "We still believe it can be done."

The idea for a broad alliance between the world's fifth and 22nd-largest industrial and trading conglomerates was initially Daimler's. Daimler, the smaller of the two, wants access to Japanese electronics expertise and booming Asian markets. A tangle of its overall strategy is to form joint ventures in fields where it lacks cutting-edge technology.

For Mitsubishi, the interest is mutual. But with limited know-how to acquire from Daimler, the stakes are lower for the Mitsubishi side, which includes Mitsubishi Electric Corp., Mitsubishi Heavy Industries Ltd., Mitsubishi Motors Corp. as well as Mitsubishi Corp. Their main goal is to realize savings through cooperative global sourcing and Daimler's help in accessing markets in Europe.

Efforts to construct a broader alliance have been derailed by a variety of changes. Daimler has been distracted by extensive internal restructuring. Mitsubishi has been frustrated by the yen's surge against Western currencies, which killed projects involving exports of components for assembly in Europe. Both have been affected by the global recession.

Overall, more potential areas of cooperation have failed than succeeded. Of 15 topics discussed in Berlin, for example, six resulted in agreements. The others were kept under wraps to prevent the appearance of an impasse. Ideas that previously had been shelved include the production of Mitsubishi light trucks in Eastern Germany, joint develop-

See ALLIES, Page 15

Germany Spots Sign of Upturn, Japan Doesn't

Bundesbank Tokyo's Trade Gap Shrinks

FRANKFURT — The Bundesbank said Tuesday that the West German economy had reached a trough and might be starting to pull out of its worst recession since World War II.

In its monthly report on the economy, the German central bank also said there had been a sharp slowdown in inflation and in money-supply growth in the last few months.

The German economy has gone into a deep slump over the past two years, resulting in hundreds of thousands of job cuts by major employers. But the Bundesbank report, noting that the gross domestic product in Western Germany had risen for two consecutive quarters, said: "The trough has apparently been reached and may even have been passed through."

Still, even though manufacturing production had risen nearly 1 percent in the third quarter from the second quarter, the central bank cautioned that "it would probably be premature to conclude" that "recessionary tendencies have definitively been overcome."

The Bundesbank said the general level of economic activity was still low, capacity utilization in industry had continued to fall, and demand was not yet strong enough to produce a speedy recovery.

For example, while foreign orders for German products in the third quarter were up 2 percent from the previous three months, they were down 4 percent from a year earlier.

The Bundesbank said that inflationary pressures had slowed in recent months, as prices rose at a seasonally adjusted annualized rate of 2.5 percent between August and

See GERMANY, Page 13

TOKYO — Japan's trade surplus narrowed last month for the first time in almost three years, the Finance Ministry said Tuesday, while other figures showed Japan's economy still deep in recession.

The surplus, on a customs-cleared and unadjusted basis, shrank to \$7.40 billion in November from \$7.56 billion in October.

The move reflected reduced shipments to the European Community of cars, computers and audio equipment and increased imports from Asia, including semiconductors, audiovisual equipment, raw materials such as timber and fish.

Fumio Tomori, director of the Finance Ministry's customs and tariff bureau, said the growth in the surplus appeared to have peaked in July, when it was up 38.2 percent from the same month in 1992.

He said the downward trend was "mainly due to foreign exchange rates."

The news may ease some of the pressure on Japan to stimulate its economy or take other action to increase imports and bring down the trade surplus.

But the trade surplus with the United States, which has been leading the calls for Japan to open its market, widened 13 percent in November, to \$4.3 billion from \$3.8 billion.

Prime Minister Morihiro Hosokawa is due to meet President Bill Clinton in February to review progress in talks aimed at cutting

See JAPAN, Page 13

Paramount Half-Heartedly Drops Viacom

NEW YORK — Paramount Communications Inc., the object of the fiercest takeover battle in years, formally abandoned its allegiance Tuesday to a merger with Viacom Inc. and threw open bidding for the company, saying prospective buyers must submit offers by next Monday.

But Paramount's board also made the unexpected decision to allow company executives who are on the board to remain active in determining which is the better offer. Legal experts had expected the board to establish an independent committee excluding the four directors who are also executives.

The Delaware Supreme Court last week criticized the board, led by Paramount's chairman, Martin S. Davis, for not fairly considering a competing, hostile offer from QVC Network Inc. It upheld a lower court ruling that Paramount could not block QVC's bid.

The board considered at the meeting the formation of an independent committee, and concluded it was inappropriate, a company spokesman said. "The entire board will continue to be involved in the process."

He refused to elaborate. Mr. Davis, who is trying to fend off Barry Diller, QVC's chairman and former Paramount Pictures head, reportedly opposed the idea of an independent committee.

Mr. Diller left Paramount after a dispute with Mr. Davis that is an undercurrent in the takeover battle. The spokesman also said the board decided not to hire a new investment bank or law firm to help evaluate the bids, as some legal experts had expected.

"It's clear you won't even get taken seriously if you again use the same people and the same process to reach the same conclusion," said John Coffee, a law professor at Columbia University.

If the board chooses Viacom's offer, QVC may appeal to the Delaware Chancery Court, he said.

Throughout the three-month takeover battle for Paramount, the entertainment and publishing conglomerate has argued that shareholders should reject QVC's cash-and-stock offer, valued at \$9.9 billion as of Monday, and accept Viacom's lower offer, now worth \$9.4 billion.

In a separate development, Paramount reported that it earned \$96.8 million in the quarter ended Oct. 31, down 5 percent from \$102.4 million a year earlier.

The decline in the quarter ended Oct. 31 came despite a 17 percent climb in revenue, which reached \$1.4 billion.

MEDIA MARKETS

Here Comes More Hard Sell

By Bruce Horowitz, Los Angeles Times Service

LOS ANGELES — Madison Avenue's top commercial creations have historically been catchy entertainment vehicles such as dancing raisins and drum-beating bunnies. But the talk of the ad world in 1994 likely will not be rhythmic raisins nor invincible bunnies.

Beleaguered advertisers banking for product sales know that snappy images may bring smiles, but they do not always elicit sales. Brand-awareness campaigns can sometimes take years to show results. So in 1994, and perhaps for years to come, the focus of the ad industry will likely be much more straightforward: coaxing consumers to buy on the spot.

The success of the infomercial industry, whose advertisers now sell several billion dollars worth of goods annually through the targeted use of high-pressure TV messages, has combined with the effects of a sluggish economy to prompt this shift.

Many ad agencies that built their reputations crafting clever commercial images — figures that roar and leech that would not pour — may have to leave brand-building themes behind. Instead, agencies will increasingly create messages that prod consumers to act immediately.

In 1994, many 30-second, image-building spots will be replaced by "mini-infomercials" — 60- to 90-second TV spots that press consumers to send for information or to buy at that moment. More top consumer product makers will flash toll-free numbers on TV and print ads. And some of the biggest names in advertising, particularly carmakers, will test "interactive" technology that allows consumers to order with the push of a button.

"Next year, you'll see 800 numbers on ads for everything from pantyhose to cake mixes," said Steve Hayden, chairman of BBDO/Los Angeles. "The problem is, in a world of information over-

load, how many of these numbers will people actually call?"

Perhaps to help answer that question, BBDO will combine two teams of ad creators in 1994 that might seem to be opposites: one specializes in creating image-building ads and the other has made its mark getting consumers to act immediately. Specialists from BBDO's new Minneapolis-based sales promotion and direct marketing division will join employees in its San Francisco office who specialize in more conventional advertising. One of their first projects will be to help devise some new ad strategies for Apple Computer Inc.

Makers of big-ticket items such as cars are hunting hard for ways to more closely target likely customers. Several — like Volvo AB and Toyota Motor Corp.'s Lexus — have already discovered that infomercials aired at select times can do a better job reaching their audiences than millions of dollars spent on mass-market advertising.

"We're not just in the business of producing TV commercials any more," said Tom Patsy, executive vice president at the Los Angeles agency Chiat/Day, who oversees the firm's Nissan Motor Corp. and Infiniti ad accounts. "We're in the business of helping clients persuade consumers to do something."

Just a handful of years ago, such statements might have been creative suicide at Chiat/Day, an agency whose reputation was built on creating some of the most talked-about campaigns on television — from "Planet Reebok" to Eveready's rambling rabbit. But Chiat/Day is now forming an infomercial division. It is also developing ads for Nissan in Orlando, Florida. The station, a Time Warner Inc. venture, will make it possible for 4,000 consumers to push buttons on home remote controls to see in-depth product information.

Stocks Fall On Surge in Commodities

Compiled by Our Staff From Dispatches

NEW YORK — Stock and bond prices tumbled Tuesday amid strength in commodities prices.

The Commodity Research Bureau's spot index of 21 commodity prices was up 0.35 point, at 224.18, after rising as high as 224.80 in intraday trading. The prices are now at their strongest since November 1990, three years ago.

Prices of a number of agricultural futures contracts surged, including the soybean complex, wheat, corn, lumber and cattle, traders said. The rise is fueling fresh concern of inflationary pressure in the United States, which would make fixed-income securities, such as bonds, less attractive to investors.

The benchmark 30-year U.S. Treasury bond, after being up as much as 8/32 in early trading, pointed fell was down 21/32, to 99 18/32. At that price its yield was 6.28 percent, up from 6.23 percent on Monday. The bond's record-low yield was 5.77 percent, set Oct. 15.

The Commodities index "is breaking out," said Terrence Crowe, head of bond arbitrage at Nikko Securities Co. International. The index was as low as 218 just two weeks ago, and this summer had sank to about 205.

Investors shrugged off the Commerce Department's report that returns

See MARKET, Page 12

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CURRENCY & INTEREST RATES

Table containing Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates.

MARKET DIARY

Fears About Russia Undermine Mark

Bloomberg Business News NEW YORK — The dollar rallied against most major currencies Tuesday amid concern about a Russian politician's threat to unleash nuclear weapons against the West.

Foreign Exchange

spooking the market," said Amy Smith, currency-market strategist at IDEA, a consulting firm. "He's charismatic and could be a force to be reckoned with."

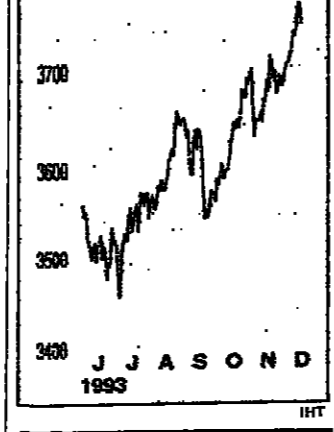
MARKET: Commodities Rise

Continued from Page 11 tail sales in November rose 0.4 percent. Excluding automobiles, retail sales rose 0.5 percent. The sales figures were about as expected.

N.Y. Stocks

Another negative for the stock market, analysts said, was lower stock prices abroad. European share prices fell on concern over political instability in Russia.

The Dow



NYSE Most Actives

Table listing the most active stocks on the NYSE, including symbols, prices, and volume.

AMEX Most Actives

Table listing the most active stocks on the AMEX, including symbols, prices, and volume.

NYSE Diary

Table providing a daily summary of NYSE trading, including volume and price changes.

Amex Diary

Table providing a daily summary of AMEX trading, including volume and price changes.

NASDAQ Diary

Table providing a daily summary of NASDAQ trading, including volume and price changes.

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Table showing the Dow Jones Industrial Average and other major indices.

Standard & Poor's Indexes

Table showing Standard & Poor's industry and market indices.

NYSE Indexes

Table showing NYSE industry and market indices.

NASDAQ Indexes

Table showing NASDAQ industry and market indices.

AMEX Stock Index

Table showing the AMEX stock index.

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Table showing Dow Jones bond averages.

Market Sales

Table showing market sales for various commodities.

N.Y.S.E. Odd-Lot Trading

Table showing NYSE odd-lot trading data.

SAP 100 Index Options

Table showing SAP 100 index options data.

EUROPEAN FUTURES

Table showing European futures prices for various commodities.

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Table showing food futures prices.

COFFEE (ICE)

Table showing coffee futures prices.

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Table showing coffee futures prices.

WHITE SUGAR (ICE)

Table showing white sugar futures prices.

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Table showing metal futures prices.

3-MONTH STERLING (LIFFE)

Table showing 3-month sterling futures prices.

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Table showing 3-month euro futures prices.

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Table showing long gily futures prices.

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Table showing U.S. futures prices for various commodities.

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Table showing grain futures prices.

SOYBEANS (CBOT)

Table showing soybean futures prices.

WHEAT (CBOT)

Table showing wheat futures prices.

SOYBEAN OIL (CBOT)

Table showing soybean oil futures prices.

SOYBEAN MEAL (CBOT)

Table showing soybean meal futures prices.

14 GRADE COPPER (COMEX)

Table showing 14 grade copper futures prices.

Metals

Table showing metal futures prices.

PLATINUM (COMEX)

Table showing platinum futures prices.

1000 OUNCES GOLD (COMEX)

Table showing 1000 ounces gold futures prices.

1000 OUNCES SILVER (COMEX)

Table showing 1000 ounces silver futures prices.

1000 OUNCES PALLADIUM (COMEX)

Table showing 1000 ounces palladium futures prices.

1000 OUNCES RHODIUM (COMEX)

Table showing 1000 ounces rhodium futures prices.

Livestock

Table showing livestock futures prices.

Food

Table showing food futures prices.

U.S. Trade Gap Widest in 5 Years

WASHINGTON (AP) — The broadest measure of the U.S. foreign trade deficit widened by 3 percent in the July-September quarter to the highest level in nearly five years, the government said Tuesday.

U.S. Chip Makers Outpacing Japan

TOKYO (AP) — In a remarkable turnaround for a once-troubled industry, U.S. semiconductor makers retook the lead in computer-chip production this year, surpassing Japan for the first time in eight years, a research company said Tuesday.

Mozar Gets Four-Month Sentence

NEW YORK (Bloomberg) — Paul Mozar, the former Salomon Brothers Inc. trader, was sentenced to four months in prison Tuesday for his role in the Treasury securities scandal that topped high-ranking Salomon officers and brought a \$200 million fine against the firm.

Bell Atlantic to Sell Finance Division

WASHINGTON (Bloomberg) — Bell Atlantic Corp. plans to raise as much as \$351 million by selling its commercial finance and equipment leasing business to the public.

For the Record

AEA Investors Inc., a New York-based investment firm, will spend \$65 million for nearly half of Klossner Cruise Ltd., the most financially sound of the big cruise lines.

Walt Disney Co. Planned theme park in Virginia would attract 6.3 million visitors a year and directly or indirectly lead to jobs for up to 12,400 Virginians, company executives said.

U.S./AT THE CLOSE

Table showing U.S. market closing data for various indices.

Stock Indexes

Table showing stock index closing data.

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Table showing spot commodity prices.

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Table showing dividend information for various stocks.

REVERSE STOCK SPLIT

Table showing reverse stock split information.

STOCK SPLIT

Table showing stock split information.

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Table showing USDA data for various commodities.

STOCK INDEXES

Table showing stock index closing data.

SP 500 INDEX (COMEX)

Table showing SP 500 index closing data.

NYSE INDEX (COMEX)

Table showing NYSE index closing data.

AMEX INDEX (COMEX)

Table showing AMEX index closing data.

COMMODITY INDEXES

Table showing commodity index closing data.

COMMODITY INDEXES (OFFER)

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Table showing commodity index closing data.

Trafalgar Seeks £425 Million As Loss Widens

LONDON — Trafalgar House PLC announced Tuesday a surge in its loss and plans for a £425 million (\$635 million) cash call to fill a hole caused by over-ambitious expansion and imprudent accounting.

Trafalgar said it hoped the call, its third in just over two years, would also be the last. But with no major pick-up expected before 1995, it left the market groping in the dark about future prospects.

The rights issue, which was expected in the market, is being supported by 25.3 percent shareholder Hongkong Land Holdings Ltd., part of the Jardine Matheson group.

The company said its pretax loss in the year ended Sept. 30 increased to £247.2 million from just £11.2 million a year earlier. "The loss in the latest year came after writedowns of £330.7 million against property, hotels, oil rigs and shipping."

Trafalgar owns a clutch of prestigious names, including London's Ritz hotel, Cunard shipping — owner of the luxury liner Queen Elizabeth II — and the John Brown metal working concern.

With restructuring and other costs, one-time charges reached a massive £467.7 million, dwarfing even the most pessimistic forecasts.

"The situation Trafalgar House was in, it clearly needed to raise a substantial amount from the market," Chief Executive Allan Gornley told analysts and journalists.

Deutsche Bank's Horizon More Investments Abroad Are Sought

FRANKFURT — Deutsche Bank AG, with its expansion abroad beginning to pay off, is considering further acquisitions or major investments in France and elsewhere in Europe, a managing board member said.

After a series of acquisitions in recent years, Rolf Breuer said in an interview, "the payback period is starting now."

Mr. Breuer, responsible for Deutsche Bank's business in France and in the Middle East, said the bank was looking into expanding its French business in the areas of asset management, investment banking, corporate finance and mergers and acquisitions.

He said the bank was also "very interested" in France's privatization program.

But rather than buy stakes in French companies set for privatization, Deutsche Bank will try to lead in international placements of shares and will compete for the financial advisory business, he said.

Deutsche Bank was involved in the privatization of Banque Nationale de Paris but will not participate in the scheduled sale of the smaller Bank Paribas, he said. But he said it would compete "strongly" to be a co-lead manager in France's privatization of the oil company Elf Aquitaine.

"In France, the lead manager will be always a French bank," he said, just as a German bank would be the lead manager in a privatization in Germany.

European companies being privatized would be a way to meet the bank's goal of diversifying its portfolio outside Germany.

"We would like to Europeanize our industrial holdings," he said. "We feel we have very much focused on German holdings, and we would very much like to diversify away from that. We would use opportunities such as French, Italian or maybe even Spanish privatizations to do that."

Until now, the reason for not doing so actively has been Germany's high tax on capital gains, Mr. Breuer said.

"But we believe there should be a non-French co-lead manager," he added.

He said Deutsche Bank had not kept stakes in the French companies it had helped privatize because Paris preferred to "keep the key stake in the hands of a group of core shareholders."

But he said taking stakes in "The difference between the book and market value, when realized, is subject in Germany to more than 60 percent capital gains tax," he said.

He said the bank would like to invest in companies involved in telecommunications, modern transportation and "everything connected" with genetic technology and biotechnology.

Mr. Breuer said the bank did not plan to expand in France as it had in Spain or Italy, by acquiring existing retail banking networks. Instead, he said, it expected to act as it did in Britain, where it acquired a major investment bank, Morgan Grenfell Group PLC, in 1989.

At present, Deutsche Bank has a loan-production office in Strasbourg and a bank branch in Paris.

"We do not think that getting into French retail banking activities is a promising suggestion," Mr. Breuer said.

He said that because major French banks already provide "very sophisticated banking services all over the country," Deutsche Bank "could not offer much of an added value" if it were to buy into an existing branch network or try to establish one itself.

But, when asked about reports of Deutsche Bank linking up with Credit Industriel d'Alsace et de Lorraine, based in Strasbourg, Mr. Breuer said that was "a different case," as CIAL was a regional bank, with a "very definite emphasis" on Alsace and Lorraine.

Sabena Foresees 1993 Loss

BRUSSELS — The Belgian flag carrier Sabena, hurt by deregulation and currency devaluations, will lose money in 1993, the airline's chairman, Pierre Godfroid, said Tuesday.

But he said the carrier was not performing badly when compared with other airlines and said its European business was performing above expectations.

"Our 1993 result will not be good, but we are doing less badly relative to other companies and our market share is up in Europe," Mr. Godfroid said.

Asked if this meant that Sabena would be unprofitable this year, Mr. Godfroid said, "Yes, but you have to see whether you are in better or worse shape than your competitors."

Sabena, 37.5 percent-owned by Air France, earned 6 million Belgian francs (\$168,000) in 1992.

Mr. Godfroid also suggested a temporary freeze by the European Community on capacity and fares.

EC airlines had losses totaling \$700 million last year.

Austrian Air in Talks

Austrian Airlines said it is talking with Lufthansa and its Austrian affiliate, Landa Airlines, about future cooperation, Bloomberg Business News reported from Vienna.

It also is holding discussions with Swissair about expanding their relationship that now include sharing reservations systems and pilot training.

A spokesman said no agreements had been reached.

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
2200	3300	2200	
2100	3200	2100	
2000	3100	2000	
1900	3000	1900	
1800	2900	1800	
1700	2800	1700	
Exchange Index Tuesday Close % Change			
Amsterdam CBS Trend	139.30	138.90	-0.43
Brussels Stock Index	7,332.10	7,320.21	+0.16
Frankfurt DAX	2,149.97	2,172.75	-1.05
Frankfurt FAZ	825.48	831.89	-0.77
Helsinki HEX	1,519.13	1,538.37	-1.25
London Financial Times 30	2,447.50	2,493.40	-0.24
London FTSE 100	3,248.40	3,254.60	-0.19
Madrid General Index	305.22	308.45	-1.06
Milan MIB	1,301.00	1,294.00	+0.54
Paris CAC 40	2,155.50	2,198.31	-1.81
Stockholm Affarsvarlden	1,567.83	1,563.33	+0.28
Vienna Stock Index	N.A.	471.79	
Zurich SBS	977.79	979.40	-0.16

Very briefly:

- Daimler-Benz AG's chairman, Edzard Reuter, said he hoped Mercedes-Benz AG would have an operating profit in the fourth quarter after an operating loss so far this year, but he also said that Mercedes, AEG AG and Deutsche Aerospace AG would post full-year operating losses.
- The EC Commission conditionally approved the joint venture between Germany's Kall & Sals AG, a unit of BASF AG, and Mitteldeutsche Kall, which the Treuhänder is in the process of privatizing.
- Airbus Industrie said Air Canada had agreed to buy six A340-300 airliners and take options for three more.
- Arjil Bank, part of the Lagardère Group, named Bernard Attali, former chairman of Air France, as chairman of the bank's supervisory board.
- Trygg-Hansa SPP Holding, the Swedish insurer, cut the price range on its initial public offering in its U.S. unit Home Holding Inc. to \$17-\$19 a share from \$25-\$27, and halved the offering's size, to 7.5 million shares.
- Bandai France, an affiliate of the Japanese toy company, was fined 30 million francs (\$5.14 million) for abusing its dominant position in the French video-game market. *AFP, Reuters, AFX, Bloomberg, AP, Knight-Ridder*

GERMANY: Sign of Upturn

Continued from Page 11

November, compared with more than 4 percent at midyear.

The Bundesbank said the M-3 measure of money supply, meanwhile, had risen at a seasonally adjusted annualized rate of 3.5 percent over the last three months, compared with 8 percent between May and July.

The report also said Eastern Germany's economy continued to show improvement and that products from the East were becoming more competitive on the German market.

There has been speculation that the Bundesbank might be poised for another cut in its official interest rates by the end of this year, but

JAPAN: Trade Deficit Shrinks

Continued from Page 11

Japan's surplus in trade with the United States.

Economists said the reversal in the overall surplus's direction might halt or slow the appreciation of the yen, which was sent soaring this year after U.S. officials said the currency needed to become more expensive to raise the prices of Japanese goods abroad.

If so, that would be good news for Japan's exporters, who lost billions of dollars in sales as their products became less competitive internationally.

"It's a long-awaited turnaround," Don Kimball, an economist at Mitsubishi Bank, said. As the yen has risen, he said, "the pain has just

Spanish Business Leaders Seek Further Labor Talks

Madrid — Spanish business leaders said Tuesday that they will invite labor unions to negotiate a wage pact despite the failure of four months of government-mediated talks on labor reform.

"We will send the unions a written proposal for talks today or tomorrow," José María Cuevas, chairman of the Spanish Confederation of Employers' Organizations, said.

Mr. Cuevas said he was doubtful whether the unions would agree to the new talks but added, "We will talk whenever they say so."

Separately, the General Union of Workers, or UGT, and the Confederation of Workers' Commissions, or CCOO — the two largest trade unions in Spain — are planning a general strike on Jan. 26 or 27, AFP-Extel reported from Madrid, quoting a union source. The final date is to be released Friday.

Mr. Cuevas said, "The main concern for businesses in next year's collective bargaining must be how to maintain jobs."

Spain has the highest unemployment rate in the 12-nation European Community. It is variously estimated at 19 to 23 percent.

Dutch Banker to Head BIS

Basel — Wim Duisenberg, governor of the Dutch central bank, was named president of the Bank for International Settlements.

Mr. Duisenberg, 58, who succeeds Swedish central bank governor Bengt Dennis, has held the position before, from Jan. 1988 to Dec. 1990. This three-year term starts Jan. 1.

The dual post of president and chairman of the board is a nonexecutive position. The new chief executive of the BIS, who replaces Alexandre Lamfalussy, is Andrew Crockett, currently the executive director of the Bank of England.

The BIS, which acts as the central bank for the world's central banks, discusses international monetary policy and manages about 80 central banks in managing their reserves in the international markets.

Mr. Duisenberg will retain his position as governor of the Dutch central bank.

NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year.

12 Month High	12 Month Low	Stock	Div	Yield	PE Ratio	High	Low	Latest	Change
12.50	11.00	IBM	2.00	4.0%	15.0	120	115	118	+3
10.00	9.00	Microsoft	0.00	0.0%	20.0	100	95	98	+3
8.00	7.00	Apple	0.00	0.0%	15.0	80	75	78	+3
6.00	5.00	Oracle	0.00	0.0%	15.0	60	55	58	+3
5.00	4.00	Amazon	0.00	0.0%	15.0	50	45	48	+3
4.00	3.00	Yahoo	0.00	0.0%	15.0	40	35	38	+3
3.00	2.00	Google	0.00	0.0%	15.0	30	25	28	+3
2.00	1.00	Alibaba	0.00	0.0%	15.0	20	15	18	+3
1.00	0.50	Facebook	0.00	0.0%	15.0	10	5	8	+3

Police Raids In Hong Kong Target Shun Tak

Compiled by Our Staff From Despatches
HONG KONG — Police on Tuesday raided the offices of Shun Tak (Holdings) Ltd., a conglomerate controlled by the Macau casino tycoon Stanley Ho, and six other publicly traded Hong Kong companies as part of an inquiry into the affairs of Tomson Pacific Ltd. and World Trade Center Group Ltd. More than 130 officers of the Commercial Crime Bureau executed search warrants on about 30 company premises throughout Hong Kong, a police spokesman said. Further raids are planned, he said. Three months ago police mounted a similar swoop on the Allied Group of companies. The results of that investigation are not known. Police said the Tomson-World Trade Center inquiry was expected to be protracted, concentrating on events from 1990 to 1992. They would not say what offenses were alleged to have been committed. Sources said the investigation was believed linked to probes ordered by the Financial Secretary Hamish Macleod last year related to a number of property transactions. In addition to Shun Tak, World Trade Center and Tomson, the companies raided were Rivera

(Holdings), Far East Holdings International, Far East Consortium International and Tse Sui Luen Jewellery (International). News of the raids was one reason for a slump in Hong Kong stock prices Tuesday. The Hang Seng index of 33 top shares fell 232.04 points, to 10,016.55. Shun Tak is a Hang Seng component, but trading in its stock and that of the other six companies was suspended before the opening and did not resume. Shun Tak directors said they were surprised the company's offices had been searched by the police for documents related to the affairs of Tomson and World Trade Center. A Shun Tak spokesman said the company had never had financial involvement in either company. Mr. Ho's casino company, Sociedade de Turismo e Diversões de Macau, is a shareholder in Tomson, and Mr. Ho was previously non-executive chairman of Tomson and World Trade Center Group. He resigned from the positions this year. On Sept. 1, 1992, Hong Kong appointed John Lee, a partner with the accounting firm PricewaterhouseCoopers, as inspector into the affairs of World Trade Center and Tomson Pacific. (Bloomberg, AFP)

Fires Illuminate China's Dark Side

Blazes Bring Shortage of Safety Features Into Focus

Bloomberg Business News
HONG KONG — Two blazes this month highlight a dark side of China's phenomenal economic growth: Critics say the energy Beijing has devoted to attracting foreign investment has not been matched in its commitment to worker safety. Just weeks after a fire swept through a toy factory in the southern Chinese boomtown of Shenzhen, another blaze has killed 60 workers in a garment factory in Fujian Province. The fire early Monday in Fuzhou, a favorite investment spot for Taiwan industrialists, was similar to one at the Zhili Handicrafts Factory in Shenzhen that killed 80 people last month. Both fires swept through factories and then killed workers as they slept in their dormitories. "Both sides are at fault," said Wong Wai Ling, a researcher at Asia Monitor Resource Center, a group concerned with workers' rights in Asia. "China is not enforcing rules, and foreign businessmen are ignoring them. The Fuzhou fire will focus minds a bit more." The latest fire broke out in Gaofu Textile Co. before dawn in a fourth-floor warehouse, according to Chen Hong, a spokesman at the Fujian foreign affairs office. By the time firemen arrived about 25 minutes later, the fire had spread to workshops and some dormitories. An official at the Fuzhou General Office, who asked not to be identified by name, said the factory was full of synthetic fibers and the fire took five hours to put out. The initial death toll was put at 60, with 14 other workers injured, he said.

Less than a year later, an envelope factory in Shenzhen caught fire, killing 11. Officials said materials in the factory that should have been in a warehouse contributed to the blaze. In August 1993, two explosions at a chemical warehouse in Shenzhen killed 70 and injured at least 200. Chinese officials said the chemicals had been improperly stored. Government officials have appeared reluctant to release details of these workplace disasters. Weeks after the Zhili fire, People's Liberation Army officers and People's Armed Police still had the site of the burned factory cordoned off and were barring outsiders from viewing it. Many nearby residents also seemed nervous about discussing the blaze in the presence of military officers. Even many of those injured in the blaze, recuperating in a hospital two weeks ago, said they were reluctant to talk to journalists for fear of being sent back to the countryside. China is not the only country in the region where calamity has struck this year in the workplace. In May, a fire in a four-story toy factory in Thailand killed about 190 people and injured 500, making it one of the worst factory fires this century. Thai officials said the high death toll was due in large part to the shoddy construction of the facility. It was owned by Kader Industrial (Thailand) Co., a joint venture of Hong Kong-based Kader Holdings, a group of Taiwan investors and members of the Charavanont family, which controls Thailand's Charoen Pokphand group.

'China is not enforcing rules, and foreign businessmen are ignoring them.'
Wong Wai Ling, Asia Monitor Resource Center

Official for Hong Kong To Head Bank of China

Agence France-Press
HONG KONG — One of China's top officials for Hong Kong has been named head of the Bank of China, it was reported Tuesday. Wang Qian, vice director of China's Office of Hong Kong and Macao Affairs, was identified as the new head of the state-run bank, whose overseas capital is estimated at more than \$110 billion, by Ming Pao, a newspaper based in Hong Kong. Analysts in Hong Kong said

the appointment of a territorial specialist to such a senior post should be viewed as reassuring by the colony's business community, despite the discord between China and Britain over British plans to expand democracy in Hong Kong before handing the territory back to China in 1997. Mr. Wang, who is also a former central bank official and a financial specialist, is expected to take up his new job next week, Hong Kong sources said.

U.S. Divided on Japan Software Copying

By Andrew Pollack
New York Times Service
TOKYO — A group of American computer companies argued Tuesday in favor of a contemplated change in Japan's copyright law that the U.S. government and many other American companies vigorously oppose. The break in the unified front of the American computer industry at a hearing in Tokyo could make it easier for Japan's government to justify the revision of the law. Many leading American computer companies such as Apple Computer Inc., Microsoft Corp. and International Business Machines Corp. said the change in the

law would allow Japanese companies to "reverse engineer" and copy computer programs and help them catch up with American software companies. Washington has adopted this position and has said it views the possible Japanese move with "grave concern." But another group of companies, led by Sun Microsystems Inc., testified Tuesday that a revision of law would spur innovation and competition and make it easier for different programs and computers to work together. The hearing "illustrated in high relief how deeply divided the U.S. computer industry is on this issue," said Peter M.C. Choy, deputy general

counsel of Sun and chairman of the American Committee for Interoperable Systems, the group of more than 30 companies that presented the testimony. At issue is a process known as decompilation, which is one way of reverse engineering a computer program to find out how it works. When software is written in a programming language such as Fortran, it goes through a process known as compilation that turns it into the ones and zeros used by the computer. Decompilation turns the ones and zeros back into programming language that is understandable by human beings. Japan's Agency for Cultural Af-

airs set up an advisory committee in the summer to consider possible changes to the copyright law, including allowing decompilation in some cases. After complaints from the United States that committee was conducting its deliberations in secrecy, the advisory committee called "open" hearings for testimony by the U.S. government. The opponents say decompilation would allow companies to copy a program in a way that would make it difficult to detect. But Sun and its allies say decompilation should be permitted to allow one company to make programs that work with the hardware or software of another company.

ALLIES: Five Years On, Daimler and Mitsubishi Still Trying to Figure Out What They Can Offer Each Other

Continued from Page 11
 ment and production of an all-terrain vehicle and global sourcing for auto parts. In addition to external factors, Mitsubishi's previous commitments have hurt the alliance. Mitsubishi Motors, which is regarded for its production know-how and efficient car engines, for example, already has a European partner in Volvo AB. In aerospace, Mitsubishi does

the bulk of its business with Boeing Co. Working with a German company that is part of the Airbus consortium would risk Boeing's wrath. "The whole process of cooperating is going to be a lot slower than originally expected," said Peter Boardman, a senior analyst at UBS Securities in Tokyo. "It will be focused on small projects, and I don't think it will lead to anything major in the future." An analyst at a German bank

with ties to Daimler agreed. "Too much has been made of the whole thing," said the analyst, who spoke on condition of anonymity. "There's really not much to it and no reason to expect there ever will be." Nevertheless, Daimler executives say the number of cooperative projects in the longer term is still likely to grow to 30 or 40, possibly including joint production of jet engines and aircraft, which would

drastically expand the scope of the relationship. Mitsubishi agreed on the number but cast doubt on the possibility of cooperating in aerospace. "When you think about building a 700-passenger jumbo jet, you have to think how many you could sell, and you would probably conclude it would not be a profitable business," Mr. Eguchi said. "I can't deny there would be political problems in working together in aerospace, but these have not

been the decisive factor," he added. Mr. Liener said the Japanese business establishment, including the Ministry for International Trade and Industry, is unsure what role it wants to play in aviation. The German company bristled at the suggestion it has set itself up for disappointment, noting that executives have repeatedly sought to damp expectations. At a speech in Tokyo just six months after their first top-manager summit in 1990, in fact, Mr. Reuter said, "Some

projects will prove feasible, others unfeasible, while further new projects, of which perhaps no one today has even thought, will gradually be added to the list." In addition to the semiconductor accord announced in Berlin, in which Mitsubishi Electric will sell Daimler's AEG AG unit technology for making integrated circuits, Daimler gave Mitsubishi license to use German automobile recycling technology in Japan and elsewhere in Asia.

Investor's Asia			
Symbol	Price	Change	Volume
Shun Tak	10.01655	-0.23204	1,000,000
World Trade Center	10.01655	-0.23204	1,000,000
Far East Holdings	10.01655	-0.23204	1,000,000
Far East Consortium	10.01655	-0.23204	1,000,000
Tse Sui Luen Jewellery	10.01655	-0.23204	1,000,000
Rivera Holdings	10.01655	-0.23204	1,000,000
Shun Tak (Holdings)	10.01655	-0.23204	1,000,000
World Trade Center Group	10.01655	-0.23204	1,000,000
Far East Consortium	10.01655	-0.23204	1,000,000
Tse Sui Luen Jewellery	10.01655	-0.23204	1,000,000
Rivera Holdings	10.01655	-0.23204	1,000,000
Shun Tak (Holdings)	10.01655	-0.23204	1,000,000
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GERMANY THE NEW STATES

INVESTOR'S UPDATE



Berlin
Population: 3.4 million (East Berlin: 1.287 million)
Total area: 883 square kilometers (340.8 square miles); East Berlin: 155.6 square kilometers.

The union of Berlin and Brandenburg has now been set for 1999. Many preliminary measures (concerning joint business promotion, among others) have already taken effect. Berlin is increasingly serving as a central provider of financial, educational, retailing, and communication and information services for the eastern part of the country and for Central Europe, causing a corresponding growth in the city's business sectors. Some of Europe's major real-estate developments are being carried out in Eastern Berlin, which has also attracted a wide range of consumer and industrial electronics companies. A sign of Berlin's growing popularity: Passenger traffic at its three airports was up 13 percent in 1992. A sign of this city's overwhelming intellectual and artistic vitality: a recent survey found 563 theater troupes either in performance or in rehearsal.

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Saxony
Population: 4.66 million
Area: 18,337 square kilometers
Capital: Dresden (480,000)
Other major cities: Leipzig (500,000) Chemnitz (286,000)

Saxony's small communities have had a remarkable degree of success in attracting mixed industries and technical-service companies to their newly founded business parks. Dresden now serves as a center for the region's microelectronics and bioelectronics sectors, and for its visual arts and media communities. Leipzig's trade-fair authority has re-established the city's position as one of Germany's leading venues for trade fairs; the city also has a wide range of publishing houses and logistics companies. Chemnitz has added environmental engineering to its traditional array of industries, which include chemicals and electronics. Zwickau (Mosel) is a leading site for automobile manufacturing. Görlitz for rolling stock and mass-transit vehicles. Saxony's traditional industries (porcelain, glass, musical-instrument manufacturing and toys) have consolidated their positions in their respective markets. Dresden and the "Saxon Switzerland" remain prime tourist attractions.

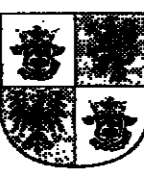
For additional information, contact:
Wirtschaftsförderungsgesellschaft des Landes Sachsen
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Brandenburg
Population: 2.52 million
Area: 29,095 square kilometers
Capital: Potsdam (pop. 138,000)
Other major cities: Cottbus (123,000) Brandenburg (88,000)

Growth continues to be strong in the "Berliner Ring," the area encircling Berlin, with a number of large-scale business and transport parks already open or set to open in 1994. Commercial vehicles, jet turbines and electronic components are now being manufactured extensively in the region. Increasingly, such small cities as Schwedt, Cottbus, Eisenhüttenstadt and Brandenburg are also proving attractive sites for industrial investment. In this, they have been aided by the founding of a wide range of technology-transfer and investment-promotion institutions. Major sectors: paper manufacturing, power generation, chemicals and steel processing. Frankfurt/Oder and the state's other towns along the Polish border are profiting from transit traffic. Brandenburg's lake and riverine delta districts are now highly popular with summer and weekend residents and with the country's tourists, as is Potsdam.

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Mecklenburg-Western Pomerania
Population: 1.88 million
Area: 23,838 square kilometers
Capital: Schwerin (pop. 129,000)
Other major cities: Rostock (252,000) Stralsund (91,000)

Major investment projects by both German and non-German companies are transforming shipyards in Rostock-Warnemünde, Wismar and Stralsund into centers of special-purpose and leisure-craft shipbuilding, marine-components manufacturing and marine services. Rostock, long Eastern Germany's principal port, currently handles 10 million tons of goods a year, a figure expected to double over the next three years. The port is now also home to a flourishing transport-services business community. The ongoing growth of tourism on the state's 380 kilometers of Baltic coast and six major islands has extended into the state's lake district. Major resorts and spas now dot the landscape. Investment from Scandinavia has fueled the revival of the state's food-processing and light-manufacturing industries, which are centered around Schwerin, Neubrandenburg and Neustrelitz.

For additional information, contact:
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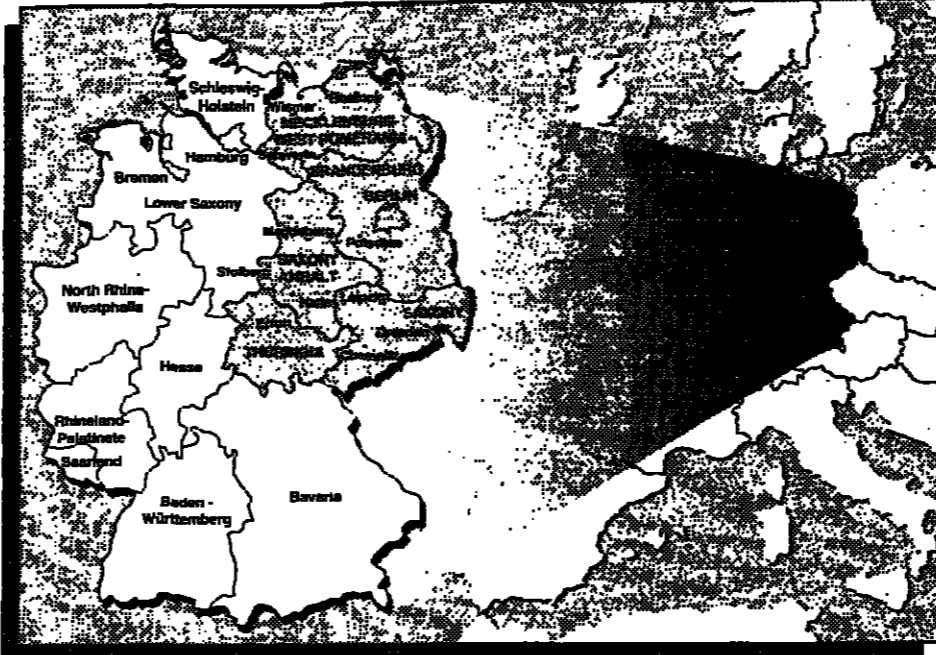


Saxony-Anhalt
Population: 2.81 million
Area: 20,455 square kilometers
Capital: Magdeburg (288,000)
Other major cities: Halle (309,000) Dessau (101,000)

Both technology and tourism continued their transformation of the state in 1993. ChemiePark, located in the Bitterfeld-Wolfen area, has already attracted around 2 billion Deutsche marks in investments. Along with Halle and Leuna, this area is now home to some of Europe's largest and most modern chemical-production and petroleum-refining facilities. The Magdeburg and Halle areas are main centers of plant-engineering and energy-supply equipment. Halle is also a center of econometrics and, along with Dessau, of industrial design and architecture. Many of the state's smaller towns are profiting from supplying the materials for the region's building boom. The Harz mountains and such picturesque villages as Quedlinburg are major tourism centers, as are such "national treasures" as the gardens in Wörlitz.

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NEW STATES CLEARLY ON COURSE TOWARD PROSPERITY

There have been a lot of comings and goings in Germany's new states over the past few years. One key arrival has shown outstanding progress: economic growth.

Overall economic growth arrived to stay in Germany's new states 10

Region's economy has grown by 6.5% in 1993

quarters ago. The first sectors to show growth were construction and skilled trade, with retailing and other services soon following suit. Next, the manufacturing sector managed the turnaround.

And growth is still coming on strong. The region's economy grew at a 6.5 percent rate in 1993; 1994's figure is set to be 7.5 percent.

Total turnover in the manufacturing sector is currently up 14.6 percent. Total new orders received by this sector in 1993 are 22.9 percent higher than the previous year's figure, making 1994 look even better.

The state-controlled public-sector economy is long gone. Some 440,000 commercially viable private-sector companies, including 20,000 in manufacturing and industrial services, have taken its place.

The Treuhandanstalt has found private-sector solutions for 13,200 of these companies over the last three incredibly busy years. Only 1,000 companies

with 120,000 employees are still left under the agency's control; of those, only 320 companies are without prospective purchasers.

The Treuhand is completing its task, with its main operative phase set to come to a successful end in 1994. It will, however, retain a variety of responsibilities and assignments.

These include administering some 275 billion Deutsche marks (\$160.8 billion) in debts, monitoring investor compliance to the 50,000 contracts concluded with the Treuhand, along with another 50,000 involving agreements between the agency and public- and private-sector parties, as well as managing the Treuhand's remaining corporate charges and a range of other holdings.

The Liegenschaftsgesellschaft der Treuhandanstalt mbH (TLG) is going to stay around in its present form for a good while. The Treuhand's real-estate marketing subsidiary still has 70,000 properties on its books. Sales of 4 billion Deutsche marks are forecast for 1994.

Other newcomers to the region include increasing numbers of modern buildings, clean-running power plants, functioning telephone booths and flocks of Chinese restaurants and pizzerias.

All told, the top-to-bottom renewal of the region's housing and rolling stock is well over one-third completed. Other leave-takers include a great deal of the pollution formerly contami-

nating the land, air and water of the region.

The time of arrival of one final item is the matter of much speculation. The reconstruction of Germany's new states will be concluded when these states are at the "break-even point," when their output of goods and services generates enough tax revenues to cover the costs of non-extraordinary capital expenditures and of standard public-sector operations.

This equilibrium will be accorded a heartfelt welcome from the new states, as its onset will represent an end to their financial dependency on their counterparts in the West, who will be equally glad to dispense with large annual net transfers, which amounted to 138 billion Deutsche marks in 1993.

This equilibrium may not be imminent, but it is now appearing on the horizon. According to Germany's federal office of statistics, the region's real net output rose 49 percent in 1992 and 13 percent in 1993.

At that rate, according to Erich Gluch, expert on the new states' economy and staff member of Munich's Ifo Institut für Wirtschaftsforschung, "It should take at least another seven to eight years for the region to reach the break-even point. Current forecasts are for it to occur between 2002 and 2005."

As Mr. Gluch points out, however, the human factor should not be underestimated. "One thing we economists have seen over and over again is how quickly a

The euphoria inspired by the opening of the Berlin Wall in 1989 was followed by years of hard work. Now Germany's new states are beginning to reap the benefits of their long struggle to prepare for a free-market economy.



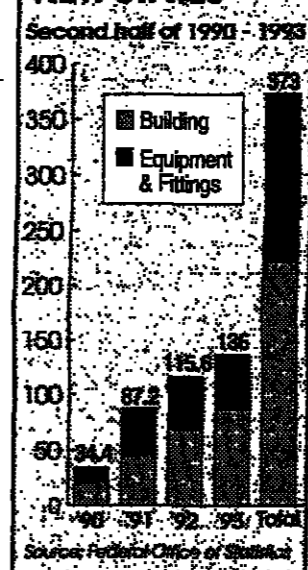
growing psychological impetus can make our forecasts obsolete. And the people in Germany's new states are inventive and highly motivated," he says.

As Ifo points out in a recent study, the region's rising output is generated by a growing number of prospering companies. The

now amounts to 42 percent.

As ifo further details, fully 83 percent of all industrial companies in the region have made significant progress toward solving their two key problems: how to set up productive, profitable internal structures, and how to sell their products successfully.

TOTAL CAPITAL INVESTMENT IN GERMANY'S NEW STATES



Symbol and guarantor of this newfound stability is a corresponding rise in productivity. As of the end of 1993, per capita output in Germany's new states amounted to 42,300 Deutsche marks - up 9.5 percent for the year and up 69 percent since 1991 - but still only 43 percent of Western Germany's world-best averages.

The 1993 figure does, however, put the new states well above those recorded by over half the EC's other member countries.

When output from recently built automobile or paper factories is used as a benchmark, the region's industrial sector's productivity is equal to or even higher than that of its Western counterpart.

Doubts about the states' future seem to have vanished. "I think everyone asked themselves at some point: 'Is it possible, will it take place?'" says Bernard Veltrup, senior official in the federal ministry of economics' central coordinating board for Germany's new states.

Mr. Veltrup adds, "Three years later, at a large cost of money, time and especially of patience, we have now laid that question to rest."

HARD WORK PAYING OFF, SAYS ECONOMICS MINISTER

Günter Rexrodt is 52 years old and has been Germany's minister of economics since January 1993. After studying business administration and earning a doctorate, Mr. Rexrodt began his career at Berlin's Chamber of Commerce and Industry in 1968. From 1985 to 1989, he served as the city-state's minister of finance. After holding senior positions at an international bank, Mr. Rexrodt was a member of the Treuhandanstalt's board of managing directors. In this interview, he discusses the outlook for Germany's new states.

First came the founding boom, in which hundreds of thousands of companies were founded in Germany's new states. We're now witnessing a construction boom in the region. What major developments do you see in the offing for 1994?

Not a boom, but a tide of black ink in the industrial sector, assuming a good measure of support from the international economy. Many of the industrial companies founded or privatized during the first two years have been operating on a near-break-even or a break-even basis in 1993. A good number, of course, have been turning in solidly profitable performances.

I think 1994's going to be the year these companies' hard work and struggling

really begins to pay off. They've paid some very hard dues, working overtime to come up with new "market-opening" products and to find teams of capable managers and distribution agents. They've committed large amounts of capital to major investment programs.

As the figures for industrial sales in and from Germany's new states show, all this hard work has been producing results. Total sales in this sector are running about 15 percent above the previous year's, although those were very low. I expect increases in

'There's been nothing sudden about the growth in the East'

turnover to be matched by those in profitability in 1994.

In any case, I don't feel that the term "boom" is appropriate. A number of businesses in the region did register double-digit growth in 1991 and 1992. For the last two years, it's been the construction industry's turn to grow quickly. People look at these glamorous figures and declare these developments to be booms.

I see the months and months of painstaking preparation and planning and fine-tuning that has



Günter Rexrodt, federal minister of economics.

gone into all of this. There's been nothing sudden about the growth in the East. And it certainly hasn't come either cheap or easy.

Will this industrial growth have a spill-over effect on employment?

Not directly. One reason the region's industrial companies are recording gains in earnings, productivity and output is that they've pared their work forces to the bone. For the last two years, on a one-to-one basis, people losing their jobs in the industrial sector have found work in the skilled trades and services sectors. That's why unemployment, although too high at 15 percent for the region, has at least not been getting substantially worse.

The skilled-trades sector alone has created some

400,000 jobs over the last three years. Business transacted by this sector has increased over the last three years. An increasing portion of this business is being generated by these ultra-lean, locally based industrial companies, which are outsourcing everything from routine facility maintenance work to computer systems operation.

That's where I see a new wave of job creation. Not in industry itself, but in industrial and other technical services.

Referring to the wide variety of sales promotion measures undertaken by the public and private sectors in Germany's new states during the year, a local business journal recently labeled 1993 "the year of the market makers." Do you find that an apt description?

For the year, yes, and for the market itself, no. In 1993, Germany's largest companies set themselves ambitious goals for purchases of goods and services from the new states - and met them, by and large. The region's municipal and state agencies also dramatically improved their local purchase totals and percentages. The federal government and its various authorities have always been active promoters of exports from the new states, and a number of financing models were launched in this

regard in 1993. This all was "marketing assistance," however, not market making.

The market didn't have to be "made" because it's always been there: 16 million consumers with considerable purchasing power. A large number of local consumer goods producers and retailers are doing well serving this market.

Capital expenditure has also been making this market into one of the largest in the world for investment goods and other tangible fixed assets. This market has been the venue for 373 billion Deutsche marks in purchases of these items.

For a large number of international companies, this market is therefore already made: it has come to be an indispensable profit center.

A recovery in Germany and in Western Europe is predicted for some time in 1994. How will Germany's new states profit from the post-recession era in Germany and in Europe?

Whether the economic expansion sets in at the beginning or the middle of 1994, one thing is already clear. The era of unstable, quick-moving markets - and the companies able to serve them - is here to stay. That's fine with companies in Germany's new states. Few regions in Europe have so many small, highly aggressive niche players.

The Vote Too. Have Bottom!

KEY INDUSTRIES REPORTING SHARP RISE IN PRODUCTION

Industrial production in Germany's new states has grown by 14.6 percent in 1993.

The growth leader is the building products sector, currently expanding at a 65 percent annual rate.

Several key industries are contributing to this growth - and serving as role models for the economy as a whole.

In 1992, the printing industry in Germany's new states showed a 20 percent rate of growth, generating 1.94 billion Deutsche marks (\$1.13 billion) in sales. This year's growth has moderated to 7.8 percent.

The Haindl plant's raw materials will be the paper and cardboard refuse of 7 million people - over half the adult population of Germany's new states.

After its reincarnation in Schwedt and other recycling and production sites in Germany's new states, the paper makes its way to such print sites as Wechmar, Thuringia.

Many of the items produced at these sites are printed by machines from such thriving local producers as MAN Plamag of Plauen, Saxony.

From start to finish, this exercise in self-generating growth is making nearly everyone happy.

Development planners call it "reindustrialization"; for others, it's "reculturalization."

One group is not joining in the pacans of praise. "We're surviving, but certainly not flourishing."

Four ultra-rugged wheels underpin Mahindra's Jeeps. Put together in Werdau, Saxony.

These producers' traditional mass markets suddenly disappeared, and they were forced to restructure.

Multicar's small, highly adaptable "municipal vehicles" do everything else, however, such as sweeping sidewalks, plowing snow and moving earth.

As of September 1993, there are 440,000 commercially viable companies now operating in the new states.

A total of 28.65 billion Deutsche marks (\$16.8 billion) had been invested in telecommunications lines and facilities as of December 1993.

Investments in the region's structures and capital goods now total 373 billion Deutsche marks, with 136 billion Deutsche marks invested in 1993 alone.

Of total investments, 152 billion Deutsche marks have gone to capital goods and 221 billion Deutsche marks to buildings.

Each day, some 5.14 million copies are printed of 36 daily newspapers in Berlin, Leipzig, Dresden, Magdeburg and a dozen other cities in Germany's new states.

Bundled into trucks and railroad cars, a good portion of this refuse is now being conveyed to Schwedt, Brandenburg, a town on the Polish border in northeastern Germany.

There they form a small part of the 300,000 tons of recycled paper expected to be produced every year at Haindl GrabH's 700-million-Deutsche-mark plant, which was commissioned in July.

No matter where they start their lives, sooner or later, nearly all of Eastern Germany's current paper products will make the trip to Schwedt.

Many of the items produced at these sites are printed by machines from such thriving local producers as MAN Plamag of Plauen, Saxony.

From start to finish, this exercise in self-generating growth is making nearly everyone happy.

Development planners call it "reindustrialization"; for others, it's "reculturalization."

One group is not joining in the pacans of praise. "We're surviving, but certainly not flourishing."

Four ultra-rugged wheels underpin Mahindra's Jeeps. Put together in Werdau, Saxony.

These producers' traditional mass markets suddenly disappeared, and they were forced to restructure.

Multicar's small, highly adaptable "municipal vehicles" do everything else, however, such as sweeping sidewalks, plowing snow and moving earth.

As of September 1993, there are 440,000 commercially viable companies now operating in the new states.

A total of 28.65 billion Deutsche marks (\$16.8 billion) had been invested in telecommunications lines and facilities as of December 1993.

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In the states as a whole, 1.8 million apartments and houses have been renovated and modernized, one-quarter of the region's total.

and cardboard refuse of 7 million people - over half the adult population of Germany's new states, according to Wolfgang Oberressl, spokesman for the Augsburg-based company.

After its reincarnation in Schwedt and other recycling and production sites in Germany's new states, the paper makes its way to such print sites as Wechmar, Thuringia, where Bartsch GmbH, a Munich-based company, has set up a major computer-form and airline-ticket printing operation, or to Suhl, where Munich's Süddeutscher Verlag has just commissioned a facility for the publishing of a range of regional newspapers, or to three dozen other similar operations.

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Investment in telecommunications lines and facilities as of December 1993: 2.28 million telephone connections have been installed, bringing the total to 3.84 million, with an additional 5.1 million planned for 1994-97.

Around 38 billion Deutsche marks have now been spent on land- and water-based means of transportation. Over 2,000 kilometers (1,242 miles) of rail track have been modernized, of which 650 kilometers now have electric lines.

CONSTRUCTION INDUSTRY BOOMING THROUGHOUT REGION

After years of generous pump priming and extensive fine-tuning, the construction sector in Germany's new states is taking off.

It constitutes an indispensable pillar of support for local economies and a vital profit center for the recession-plagued international construction sector.

Construction up 40 percent in 1993

The boom is engendering a cornucopia of high-rise office buildings, sprawling shopping centers and large-scale industrial parks in the region - as well as "human scale" residential developments.

Viewed in its constituent units - television sets, sales dollars, Dow Jones points - there is nothing very exciting about a boom.

This year, construction is up 40 percent in Germany's new states. In the housing sector, new orders are 100 percent higher.

In a November 1993 report, Munich's ifo (Institut für Wirtschaftsforschung) set the amount of construction-sector investment required in the region at around 2.1 trillion Deutsche marks over the next 11 years.

During the last three years, nearly everyone in the country has been trying to do just that.

Well over 30 percent of the new states' residents live in apartments that were modernized during the last three years.

One British energy-supply executive sums it up: "There's a general sense of urgency, of pressing economic problems requiring immediate attention."

They are, however, not receiving the vast new civic centers or high-speed arteries that are generally the fare of such developments.

In fact, except for state-of-the-art infrastructure, they are not receiving anything modern at all - at a cost of 2 billion Deutsche marks.

In a "model cities" program, largely financed by Germany's federal ministry of construction, these cities are being restored brick by brick, block by block, to the extent that budgets allow.

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A new Opel being built in Eisenach, Thuringia, which has become a major automotive engineering center.

GmbH's Metroliner buses, made in Plauen, Saxony.

Four wheels, ultra-small and ultra-light, convey the electric cars being manufactured by Subler Fahrzeugwerke-Hotzenblitz GmbH.

The company's initial production of highly advanced, battery-powered cars has been making headlines throughout Germany.

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GERMANY: THE NEW STATES

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This has produced revenues of 44.7 billion Deutsche marks and investment commitments of 182.37 billion Deutsche marks; 1.49 million jobs have been guaranteed.

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A new industrial park in Brandenburg, one of many signs of business-sector expansion.

BRINGING THE NEW STATES UP TO DATE: THE TRACK RECORD

Three years is enough to judge the progress of economic integration, especially in view of the make-or-buy nature of the subject - the current state of the corporate sector in Germany's new states - and the very large sample to choose from - a total of 440,000 viable "commercial units" including 100,000 medium-sized and large companies.

Half of the companies in Germany's new states judge their current levels of investor reaction is generally positive

turnover and production as being positive, and roughly one-quarter as negative, according to a poll conducted in November 1993 by Cologne's Institut der Deutschen Wirtschaft.

Half expect these two items to rise further in 1994; one-quarter say they will remain stable.

Forty-two percent of the companies contacted say they have an adequate to superior level of profitability, with the same number foreseeing an improvement in profitability in 1994.

Forty-seven percent expect profits to remain at their current level.

Employment is a big problem and is going to remain one. Only 9 percent of the region's companies believe they can maintain the current levels of their work forces.

Not surprisingly, investors are quite bullish about these companies' continued prosperity.

Studies of greenfield investments generally put the figure of investor satisfaction at between 65 percent and 80 percent.

Comprehensive in scope, even-handed in coverage, these studies do have one limitation: They deal only with the ongoing operations of existing businesses.

They have not (as yet) surveyed the investors' reactions to what is involved in setting up a new business or facility in Germany's new states: the costs and availability of real estate and labor, and the "rules of thumb" for getting through the approval process.

These areas are precisely where conditions have been changing most rapidly.

A recent canvassing of companies currently setting up facilities and subsidiaries in Germany's new states came up with some rather heartening findings.

Developable land is now very reasonably priced.

According to Ring Deutscher Makler, undeveloped sites in Germany's new states now cost an average of 60 percent of those in the West, putting them at the level of such West German areas as northern Lower Saxony, the outlying areas of the Ruhr district and the western portion of the Rhineland-Palatinate.

According to investors who have just completed a "site search," this land is also widely available.

Not only does this availability speed up the "site search" process, it is also helping investors avoid problem areas of the past.

based building and communications equipment manufacturer. "Like anywhere else, top-grade sites are at somewhat of a premium in the new states."

Often the developer is the local community itself. "Our site was purchased for us by the city government itself, which took care of everything from infrastructure to permits," says Wolfgang Oberressl of Haindl GmbH, an Augsburg-based paper producer.

Local communities are getting high marks from investors for the promptness and comprehensiveness of their assistance, and for their interest in securing outside investment.

By now, there are enough suburban hypermarkets in the new states, and I don't think most communities are particularly interested in attracting more of them.

Setting up "fast tracks" for investment plans has been the top priority of all ministries of economic affairs in Germany's new states over the last three years.

According to investors contacted, the ministries have succeeded. As the Cologne survey discovered, "through times" - the time from initial submission of project plans to the receipt of official permission to go ahead - ranged from three months for a small electronics factory to 18 months for a major business park.

These times were generally pegged at "one-third" of those standard in Western Germany.

One British energy-supply executive sums it up: "There's a general sense of urgency, of pressing economic problems requiring immediate attention."

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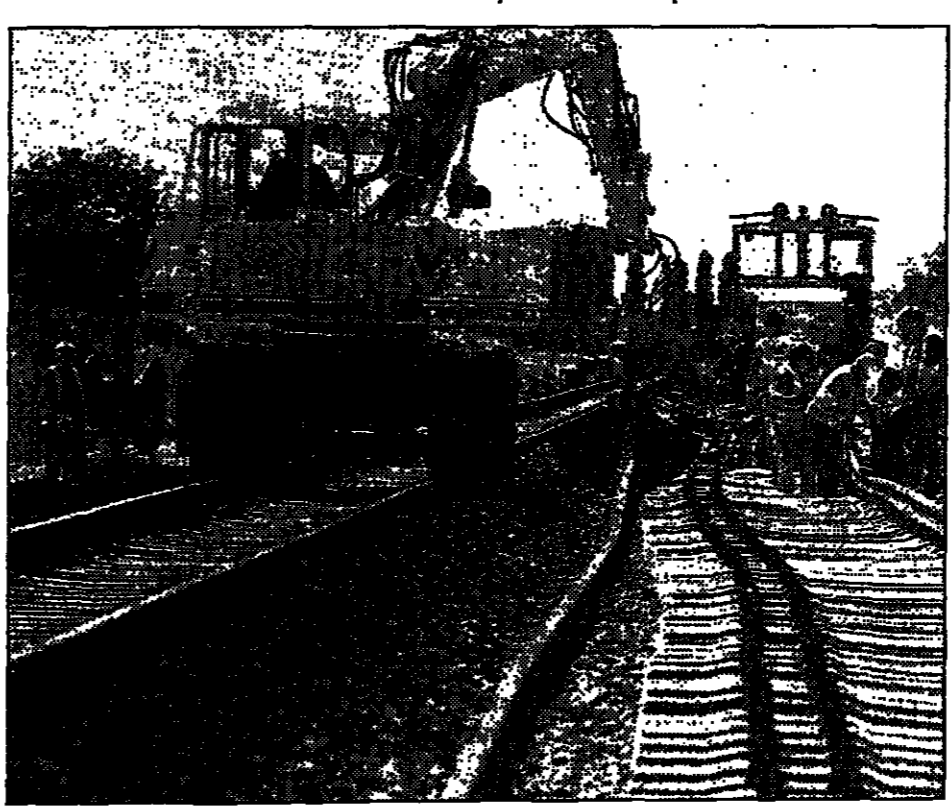
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Linking up: Over 2,000 kilometers of rail track have already been modernized.

"The boom - and how to profit from it."

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ADVERTISING SECTION

GERMANY: THE NEW STATES

RESULTS-ORIENTED HIGH-TECH COMPANIES THRIVING



Manufacturing Mercedes-Benz trucks in Brandenburg.

There is no lack of public-sector research institutes in Germany's new states.

The region has 11 Max Planck and Max Planck-supported institutes, 28 Max Planck working circles, 22 main and branch

1.76 billion DM for research

Fraunhofer institutes, three large-scale research centers, and 50 technology-transfer institutes, along with 32 other federal- and state-funded facilities and 36 universities and polytechnic institutions that are conducting basic and applied research.

Not including the universities' staff, these institutes employ some 12,500 people and have a combined annual budget of 750 mil-

lion Deutsche marks (\$438.5 million), figures comparable to those in the West, according to Paul Krüger, Germany's federal minister for research. All told, his ministry has allocated 1.76 billion Deutsche marks for research activities in the new states.

Nor do these institutes lack media attention. Berlin's Max-Delbrück Center for Molecular Medicine and its revolutionary, commercially viable bioelectronic sensors have been staple items in both business- and science-oriented media in Germany, as have the ultra-thin, ultra-efficient "soft magnets" developed by Dresden's IFW institute.

The occasional confusion in the media stems from the fact that there are so many "Forschungs-GmbHs" — 180 at the latest count —

and that their currently perilous financial situations and promising technological developments alternate in grabbing the nation's headlines. Joining the research companies in their high-stakes balancing act are their hosts, such technology parks as Berlin's Adlershof, Dresden's ZMD (Zentrum Mikroelektronik Dresden GmbH), Erfurt's MAZET (Mikroelektronik-Anwenderzentrum Thüringen) and Frankfurt/Oder's TUSAFF (Trainings- und Serviceagentur Frankfurt/Oder), to mention but a few.

Also serving as homes to public-sector research agencies, these parks have a bewildering number of roles — landlord, service company, equity provider and market-based corporation — and one common objective: to preserve and develop the region's scientific capital.

In the former East Germany, researchers were employed by the country's various academies of science and research and by its Kombinate (vertically integrated public-sector industrial trusts). The academies have been transformed into such public-sector institutes as MDC and have retained about one-quarter of their researchers. The premises of the former Kombinate have often become technology parks.

Armed with some 1 billion Deutsche marks in public-sector support, the other three-quarters have grouped themselves into so-called "research corporations" or have been employed by local and international companies — or have struck out on their own. According to a late autumn 1993 study by Prognos, there are a total of 2,000 companies in Germany's new states that are primarily engaged in the



The Jenoptik plant in Jena, one of many high-tech operations working with universities and research institutes to develop new products, is known for its precision craftsmanship.

developing and marketing of technologies. As the report points out, most of them are equipped with what the report terms "low amounts" of capital resources.

This high-pressure financial situation has nevertheless produced a number of technical innovations in a very short time. Some examples: Beschichtungstechnik Chemnitz GmbH, which consists of four engineers and has already made one major breakthrough: Its titanium nitride coating increases the working life of machine tools by 300 percent to 400 percent.

Scientists at MAZET have developed the "multi-project wafer" that, by allowing various kinds of chips to be produced at the same time on the same wafer, reduces chip-manufacturing costs by 66 percent to 85 percent. And GEFEMA in Schmalkalden, Thuringia has come up with a new generation of highly permeable, fast-working membranes that filter out oil pollutants from flowing water.

Some of these products are esoteric and still experimental, including one com-

pany's technique for warm-glass soldering in micro-electronics; others are eminently practical and already popular.

Geraberger Thermometerwerk GmbH started marketing a new kind of fever thermometer in early July. It is the first of its kind to dispense with mercury. The company, which also manufactures electronic thermometers and other measurement devices, exports 70 percent of its products and has been in business since 1876 — the last four decades as part of a Kombinat.

Many of these products are the result of close working arrangements between local companies and universities or polytechnics. In Jena, Jenoptik GmbH (one of the successor companies of Carl Zeiss Jena), the institute for physics-based high technologies and Friedrich Schiller University's department of physics have joined forces to produce a laser-based photo-etcher. Its product: micro-structures used as the layouts for optical and micro-electronic devices.

Other high-tech products have been developed

through joint ventures. Owned by Mainz's Schott Glaswerke and Japan's Asahi Glass Co. Ltd., Schott-Asahi-Micro-Float is also based in Jena. The company has come up with the world's first "micro-floating" production facility for borosilicate glass. Using this procedure, the company is manufacturing fire-proof glass for building facades and ultra-high-performance plate glass for household devices.

Meonic Entwicklung und Gerätebau GmbH in Erfurt has come up with something really practical. In addition to "smart card" readers that can be incorporated into normal typewriters, this 24-engineer-strong company has come up with an "automatic CD vendor." This device looks and works like a space-age jukebox.

After seeing and hearing their potential choices, purchasers select their CDs, which then emerge from the device after payment has been made. The product's advantage: "I'll never have to put up with shuffling of CDs again," says a music-store owner in Munich.

USEFUL ADDRESSES FOR INVESTORS

• **Federal Ministry of Economics/Berlin Office**
Foreign Investor Information Center (point of contact for non-German investment in the new states)

Unten den Linden 44 - 60
D-10117 Berlin
Tel.: (49-30) 399 85 100/101/461
Fax: (49-30) 399 85 235
Contact: Helga Manneck or Ken Bremer

First-stop information on economic and social conditions in Germany's new states and the region's individual sectors and areas, along with detailed briefings on financing and personnel start-up.

• **Treuhandanstalt**
Detlev Rohwedder House
Leipziger Strasse 5 - 7
D-10117 Berlin
For general information:
Tel.: (49-30) 31 54 10 37
Fax: (49-30) 31 54 10 36
Investors hotline:

Tel.: (49-130) 82 84 81
(toll-free inside Germany)
Fax: (49-30) 25 15 184
The agency overseeing the region's privatization program.

• **TLG Treuhand-Liegenschaftsgesellschaft mbH**
Alexanderplatz 6
D-10178 Berlin
Tel.: (49-30) 31 54 70 00
Fax: (49-30) 31 54 76 04
Investors' hotline:
Tel.: (49-30) 31 54 71 57
Fax: (49-30) 31 54 74 47
Real-estate arm of the Treuhand, with an extensive portfolio of prime properties.

• **Deutsche Ausgleichsbank**
Berlin office
Samrasinstrasse 11 - 15
D-12159 Berlin
Tel.: (49-30) 85 0 85-0
Fax: (49-30) 85 085-298
Funds through the ERP program, company start-ups, environmental

measures. Provides sureties for companies seeking credits of up to DM 20 million. (For sums larger than that, see below.)

• **Treuarbeit AG**
Auf'm Hennekamp 47
D-40225 Düsseldorf
Tel.: (49-30) 3 39 41

• **KfW Kreditanstalt für Wiederaufbau/Berlin office:**
Internationales Handelszentrum
Friedrichstrasse 95
D-10969 Berlin
Tel.: (49-30) 26 43 20 65
Fax: (49-30) 26 43 20 84
Central investment support institute of the federal and state government, funding company start-ups and capital improvements through the ERP and other credit-dispensing programs. Extensive computer-based financial consulting services on all investment incentives available from the federal and state governments and from the EC.

GREEN SHOOTS FROM BROWNFIELD SITES

For the past three years, Germany's new states seem to have produced a new greenfield site almost daily.

Local governments have been rushing to equip former agricultural land with all of the infrastructure and other up-to-date services

Overall quality of life is improving

required by modern business.

Not all of the final products are of high quality and not all of them will attract enough business to survive, but enough seem to have a promising future that will help alleviate the new states' current real-estate crunch. And many of these greenfield sites have in fact become thriving greenfield developments, such as Horsham's Brandenburg Park south of Berlin, a million-square-meter transport, retailing and light-industrial complex, and Sasle Park, located near Halle.

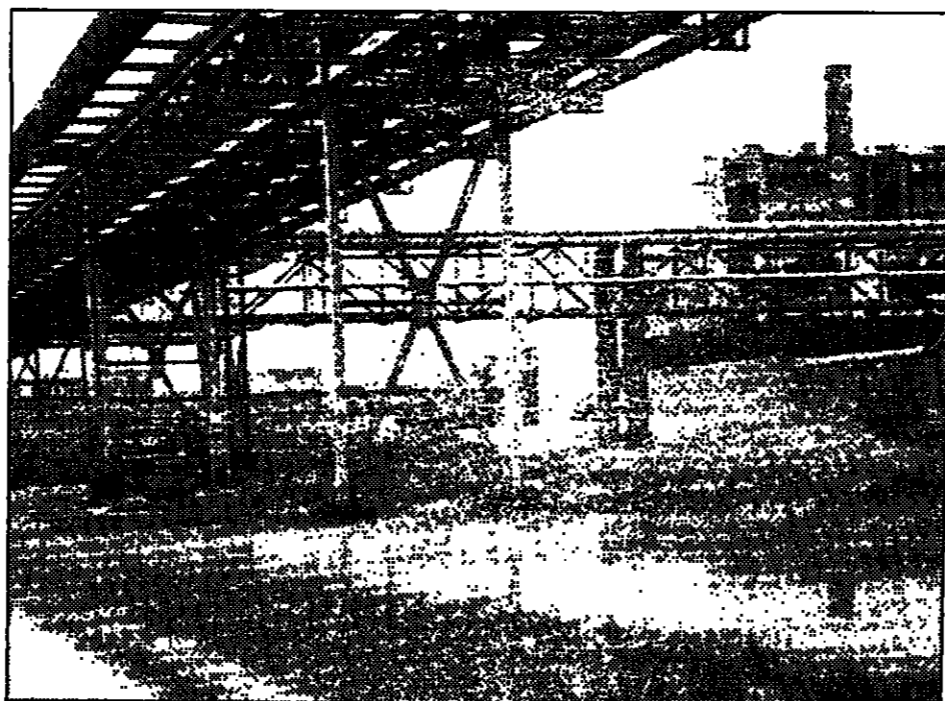
Three years ago, Germany's new states had an ample stock of brownfield sites — outdated indus-

trial facilities, tumbledown inner-city blocks, decaying port buildings and decommissioned military complexes that were "brown" because of four decades of economic and environmental mismanagement.

Today, the region has fewer brownfield sites and many brownfield developments.

Many seem to have been transformed by magic. A rotting Soviet Army barracks became an ultramodern publishing center in Dresden. A condemned neighborhood in Bautzen was rejuvenated into a Jugendstil inner-city mall. The near-derelict "outbuildings" in Rostock-Warnemünde's port district were transformed into a "port park." An abandoned gravel quarry in Oudendorf-Okrilla emerged as a full-fledged park for the manufacturing and distribution of building products. An outdated chemical Kombinat (vertically integrated public-sector industrial trust) in Bitterfeld was reworked into a 2 billion Deutsche mark (\$1.16 billion) location for leading-edge manufacturers.

In fact, as Dieter Ambros,



Former brownfield sites are becoming up-to-date manufacturing centers.

chairman of Chemie AG, the company developing Bitterfeld's ChemiePark, points out, no magic is involved in these processes.

Dr. Ambros points out that it cost local, state and federal authorities "several hundred million Deutsche marks of up-front money and three years of constant marketing and problem-solving" to attract Bayer AG, Heraeus and 158 other large and small companies

to ChemiePark's 591-hectare (1,460-acre) site. Stakes like these make brownfield development a high-risk but potentially very-high-rewards game. For Bitterfeld, once associated with the worst of Europe's environmental problems, brownfield development has brought a viable business base and, not incidentally, a livable environment.

To attract businesses and their executives to Bitterfeld, Chemie AG and the

city have completely revitalized and replaced local power-supply and infrastructure systems, as well as engaging in extensive land reclamation, "greening" of the local environment and inner-city restoration.

The result is impressive: a 12-fold drop in the city's levels of air pollution, a sharp improvement in the water quality of lakes and streams, and "an acceptable, pleasing quality of life," says Dr. Ambros.

DESIGNED TO SELL — AND TO ATTRACT GLOBAL ATTENTION

Product design in Germany's new states is beginning to get talked about in the international press.

Last year, it was the insides of Foron's refrigerators that made the world's

Home of Bauhaus still supports design

newspaper headlines. By dispensing with ozone-depleting CFCs, refrigerators made by DKK Scharfenstein (as the company was commonly known in those days) "would help save the ozone layer."

This year, it's the refrigerators' exteriors that are inciting headlines. Foron Unternehmensbeteiligungen GmbH's offerings differ from conventional ones in an important way: their shape.

"Refrigerators in the round" is how Die Wirtschaft, the authoritative economic weekly, rather inaccurately describes them. The refrigerators are actually cylindrical. In their interiors, all shelves reportedly pivot, an effort to put

an end to time-consuming games of food hide-and-seek familiar to owners of conventional refrigerators.

This striking combination of the highly imaginative and highly practical is characteristic of the (literally) thousands of new products coming out of

the region's design studios and being manufactured by local companies. A recent exhibition organized by the Internationales Design Zentrum Berlin to show a

product design from the region displayed 137 innovative items now in daily use. They range from entire mass-transit systems to dishes for use by the handicapped.

Exhibitions like this one have been triggering headlines of their own. "A boom in product design in the new states — and not just on paper" is the lead in the current issue of Form, Germany's leading journal of design.

This boom was born in the region's six design institutes. As the article points out, the number of design students and graduate designers in the region has reached an unprecedented level, as has the number of products they are creating.

The region's industrial design sector is not new, but rather as old as its industrial production — or even older.

In 1763, the Elector Friedrich Christian of Saxony, just one in a long line of artistic and practical-minded rulers in the kingdom, simultaneously founded two schools of design,

the oldest in the region. One was located in Leipzig, the city of publishers and merchants, and the other in its rival, Dresden, the city known for its fine smithery and other precision crafts.

Fittingly enough, the region's newest design institute has been located in

Dessau, the home of the Bauhaus and thus of the birth of modern design itself. Even more fittingly, the new institute is housed in the Bauhaus's former school of commercial design.

Not that design died out during the four decades of communism in Eastern Germany. Even during the so-called "Trabbi era," named for the small, ubiquitous East German car, Halle's institute of art and design — nicknamed the "fortress" because of its fortified venue — enjoyed an

international reputation. It has retained this global prestige in the post-unification period.

Western students have been flocking to gain admission to the "fortress" — a difficult affair at best, in view of the competition.

"One difference between now and four years ago," according to one local designer, "is that four years ago, our best designers would head west, sooner or later, because of the opportunities to realize their designs."

Today, they're staying here — and working for clients in both the East and the West.

UPDATE: PROFILES OF INVESTORS AND INVESTMENTS

As of September 1993, the public sector had furnished 42 billion Deutsche marks (\$24.56 billion) in public-sector grants, credits and sureties and 15 billion Deutsche marks in tax easements to 346,000 corporate start-ups, privatiza-

Entrepreneurship is alive and well — and profiting

tions, extensions and reprivatizations in Germany's new states.

These projects involve a large amount of overall investment in the region: a total of 189 billion Deutsche marks as of the end of September 1993.

If you are one of 1993's 70,000 new, viable additions to the region's corporate community, you will probably already have 12 employees (you had five in 1991) and you can expect to have an annual turnover of 1.6 million Deutsche marks this year (compared with 400,000 Deutsche marks in 1991). If you form part of the 50 percent of all companies receiving investment support, you will

receive an average of some 460,000 Deutsche marks in such aid (and will have received 350,000 Deutsche marks in 1991).

You have been getting your money a lot faster this year than in 1991, too. Some examples: In autumn 1991, five-sixths of all applications for ERP (European Recovery Program) funds were processed by the Deutsche Ausgleichsbank within 40 days. Today, it takes five days. In autumn 1991, only 28 percent of all applications for funds from the EKH (Eigenkapitalhilfe, or equity-capital assistance) program had been approved within 20 days of application arrival. Today, the figure is 70 percent.

Roughly half the companies founded in the new states are in the retailing and tourism (hotels and restaurants) sectors, with the skilled trades accounting for 10 percent and the manufacturing sector only 5 percent. The latter, however, has been getting the lion's share of investments — well over half of cumulative totals.

The largest single investment in

Germany's new states was recently made by Berlin's Veag Vereinigte Energiewerke, a company refounded after German unification. The power supplier allocated 15 billion Deutsche marks for the building of three power plants.

The first is to be put into operation in 1997, the others by 2000. The plants are fueled by lignite from the region and will provide the new states and parts of southern Germany with power. The local share of orders is expected to amount to 10 billion Deutsche marks.

The largest overall investor (28.65 billion Deutsche marks as of December 1993) and job-creator (110,000 jobs, created directly and indirectly) remains DBP Telekom, the nation's telecommunications authority.

The most intriguing investments may well be those of the Lehmann group, which produces yachts. The company began yacht production in 1990 in Grossleine, Brandenburg, where the nearest body of water is 30 kilometers (18.64 miles) away — and is a lake. The yachts are made out of ultralight aluminum-clad

carbon fibers developed for space systems. The group is run by an East-West partnership. Fritz Lehmann (from the East) is a ship-builder, Gerhard Heinz (from the West) an aerospace engineer.

The partnership has now acquired another yacht-building yard (this one on a local canal) and has founded engineering offices for the development of composite materials and environmental services, including the marketing of a revolutionary photovoltaic cell invented by two of the group's engineers, who were formerly staff members at East Germany's Academy of Sciences.

The group is highly successful. Initially, Mr. Lehmann and Mr. Heinz raised their operating capital by mortgaging their own houses. In 1991, according to Impulse, Germany's authoritative weekly, the partners had a turnover of 500,000 Deutsche marks and employed four people. In 1993, those figures had risen to 20 million Deutsche marks and 134 employees. They have sold more than 100 of their high-performance watercraft to date.

New industrial design: a high-tech cabinet.

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ADVERTISING SECTION

ADVERTISING SECTION

EXPLORING OLD-NEW ROUTES: SCENERY, SITES AND COMFORT

Travelers are bold experimenters by day, but want comforts at night, says one travel-industry maxim. Germany's new states are now able to satisfy both kinds of travelers' needs.

Reports of the opulent design of Cottbus' Jugendstil theater, of the beauty of Wörlitz's park, of the brooding isolation of

Theme routes with rare attractions

Mecklenburg-West Pomerania's lakes, and of the hundreds of other natural, cultural and historic attractions in Germany's new states has recently sent millions of would-be explorers to their attases and art history books to plan trips to the region.

In the past, reports of the region's lack of decent accommodation and appetizing cuisine, however, often forestalled these shelter-seekers from calling their travel agents.

Two new kinds of reports about travel to Germany's new states have recently been circulating in Germany's press.

The first concerns routes, such as the "Romanesque Route" in Saxony-Anhalt, the "Fairy Tale Route" and "Route of the Classics" in Thuringia, the "Silver Route" in Saxony, "The Trail of Fontane" in Brandenburg and "The Way of the Allees" in Mecklenburg-Western Pomerania.

The second new report encouraging would-be visitors concerns the growing

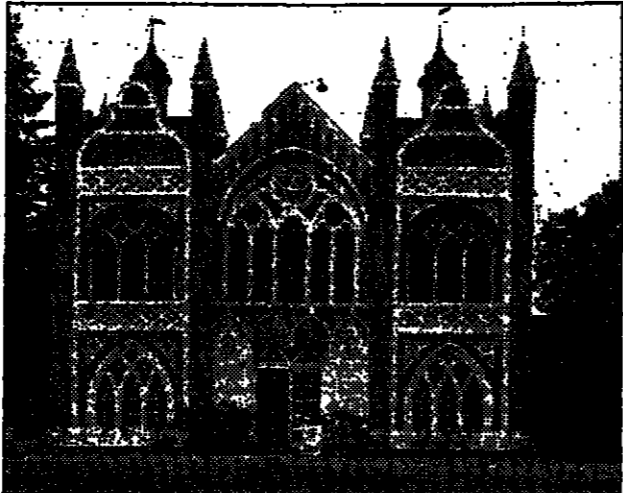
number of hotel beds in Germany's new states. At latest count, there are 150,000 hotel beds in the region, up 15.6 percent over 1992, with another 106,000 beds now available in spas, guest houses, sports camps and hostels.

"Good news from the new states; the standards and supply of hotels are increasing, prices are sinking," announced a November report in Handelsblatt, the authoritative German daily.

As a result of such positive reports, more and more tourists are beginning to visit Germany's new states. Tourist arrivals in the region were up 13.6 percent as of September 30 this year, according to Germany's federal office of statistics. Overnight stays, which registered a 20 percent jump in 1992, are running a further 10.3 percent higher this year.

The theme-oriented routes provide ample fare for any explorer. The 1,000-kilometer (621.3-mile) "Romanesque Route," for example, includes 12 fortresses, three cathedrals, three cloisters, two mountain ranges, an extensive moor, three riverine natural preserves and dozens of idyllic villages and small cities.

And more welcome news from the region is being communicated by word-of-mouth: not only are there now enough restaurants in Germany's new states to feed hungry travelers, but now many of them are excellent, with quite a few featuring ethnic cuisines from around the world.



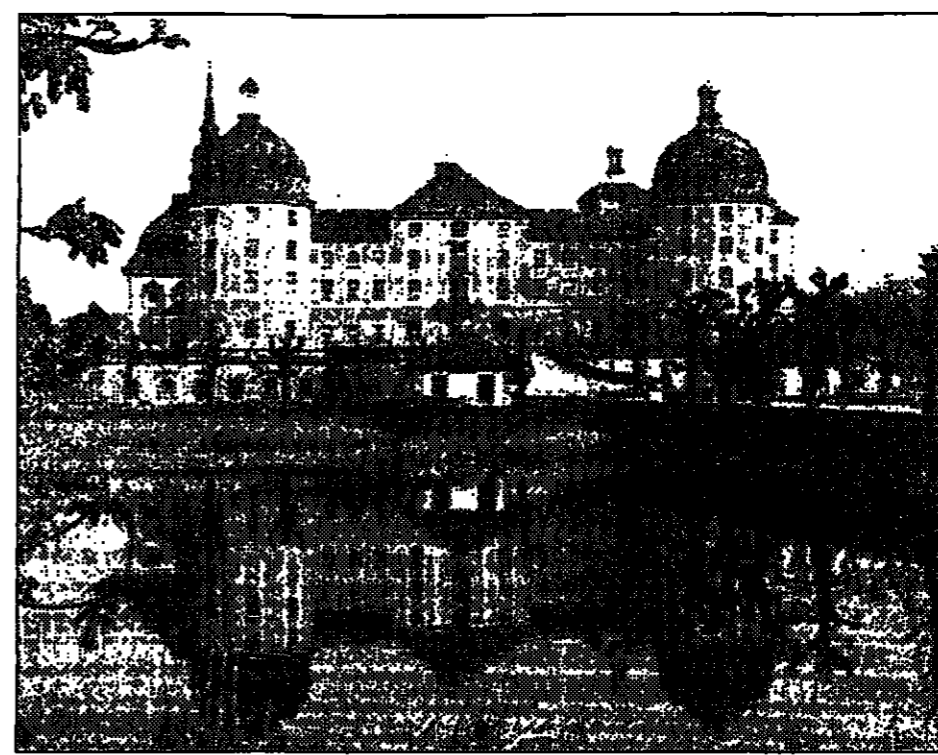
Architectural landmarks are among the states' attractions. Clockwise from upper left: Lübbenau in the Spreewald, Brandenburg; Moritzburg Castle in Saxony; Berlin's Brandenburg Gate; the marketplace, castle and city hall in Eisenach, Thuringia; Gothic House in Wörlitzer Park, Saxony-Anhalt.

In most of the region's urban neighborhoods, Peking Palasts compete

with Hong Kong Houses. In Dresden, the best places to get breakfast are not the

city's bevy of American-style hamburger outlets, but rather Café Luxor, whose

GERMANY: THE NEW STATES



Italian owners provide both superior cappuccino and resplendent Egyptian decor.

Epicures, vegetarians and other discriminating folk are reporting that they not

only find enough to eat in the East, but that they actually enjoy eating there

FIRST STOP FOR INVESTORS: BERLIN'S FOREIGN INVESTMENT CENTER

After thousands of very tentative initial gestures, a conclusive figure is now available—1,444 major investments have been made by non-German companies in Germany's new states.

Nearly all of these investments—which include Birla's bicycles, Kvaerner's shipyards and Samsung's TV tubes—started their lives as a single, often uncertain telephone call, a broadly worded letter or a brief conversation at a reception or conference. A good many of these initial investor contacts were made with Berlin's Foreign Investor Information Center.

First-stop agencies are generally confronted with a mixture of broad queries and specific, immediate concerns. In the case of Germany's new states, the queries could not have been broader or the concerns more immediate, remembers Helga Manneck, who has headed the eight-person agency since shortly after its inception in September 1991.

"We were confronted with such very apt, very basic questions as, 'In view of the restitution mess, can real estate be acquired at all in Germany's new states?' and 'What is the market for medical technologies like?'" she says, adding, "At the same time, we were helping visiting investors deal with the small and irksome challenges of a very

foreign country, helping them make telephone calls—no easy matter in those days—or use public transportation or find a bridge club."

While its operating environment was unique, the idea behind the founding of the Foreign Investment Center was not. Every investment-minded nation has its own equivalent. The good ones are staffed by people with linguistic abilities, endlessly obliging personalities and a hard-edged persistence in unearthing the bureaucracy-bound information desired by investors.

Follow-up, explains Ken Bremer, is what solidifies a tentative, broad query into solid investor interest. "One thing we've noticed in all of the 4,000 serious queries we've processed," says Mr. Bremer, an American and one of the initial staff members of the agency, "is that each investor comes to us with his or her own information checklist. Proceeding down it often involves a lot of legwork. Once the investor has received this basic information, the investment process moves into a serious phase."

At the beginning, in an era in which hundreds of laws, regulations and incentives had just been formulated, in which state and local governments were only months old and telecommunication connections were difficult at best, the center's legwork sometimes took

on monumental dimensions. "In those days, the local scene and the international market were far apart in terms of knowledge of each other," says Manfred Rupprich, staff investment officer. "That has completely changed over the last three years, on both sides."

"Take the growing outreach from the local side. Today, each state government and community of any size in Germany's new states has its own, highly capable investment promotion agency. Most of them even have a native [English] speaker on their staffs. This very welcome competition has shifted the focus of our legwork to actively approaching the overseas market."

Rather than waiting for investors to come to Germany, the center's staff, under the auspices of the German federal Ministry for Economics, is increasingly bringing the message to businesspeople on their home ground. The center has produced brochures on each sector, giving each region's product areas and markets.

"We often encounter what we call 'second wave investors.' They are generally very well briefed on Germany's new states, from three years of waiting and watching," says Ms. Manneck. "Our job is to find the key bit of information, the potential opportunity that will trigger investment."

REFUGE, INSPIRATION: BIG-TIME ARTISTS AND SMALL-TOWN EASTERN GERMANY

It was one of the great traditions of German intellectual and artistic life in the late 19th and early 20th century: Every year, for indefinite periods of time, leading cultural lights would leave Berlin and its cosmopolitan charms and head off to the countryside surrounding the city.

Some never returned. The countryside had quite a bit to offer. It was quiet and inexpensive and remote. The latter was a great

Arts scene is still lively

advantage during the Nazi era, during which many of the country's literati went into self-effacing inner exile.

During the four decades of East German rule, the country's large corps of creative and talented people continued the practice of earlier days. The only thing that changed was the nomenclature: the "vacation house" became the "dacha."

Today, the burgeoning number of visitors to these arcadias have no trouble discovering where cultural

luminaries vacationed and laid low.

These prospering artist colonies are graced by an above-average concentration of "Fontane drugstores" and "Tucholsky" cafés and "Zur Brücke" (named after the Dresden-based Expressionist art movement) restaurants.

"We now have designer boutiques and prize-winning restaurants in Ahrenshoop, locally owned and very pricey," says Ilse von Guttenberg. This little thatched-roof community is perched on a long, bony arm of land extending far into the Baltic.

Beginning in the 1890s, Ahrenshoop was taken over by such artists as Gerhard Marks and Hugo Richter-Lefensdorf, along with dozens of other prominent artists of the time.

They were in good company. Rügen, the "big island" to the east, had been home to famous artists since the days of Caspar David Friedrich. Hiddensee (located between Ahrenshoop and Rügen) attracted primarily a literary crowd, led by the writer Gerhart Hauptmann. But each of Mecklenburg-Western Pomerania's little villages

and towns had its "artist in residence", including Cüströw (Ernst Barlach) and Krakow am See (Fritz Reuter).

Not that art-making is a thing of the past in the region. The highly active local arts community has set up a gallery in Ms. von Guttenberg's house, recently returned to her family after confiscation by the East German government.

Brooding writers like brooding waters. They also like quick access to the big city's literary cafés. That's why the lake-side communities of Brandenburg and Mecklenburg-Western Pomerania—all within an hour or two of the Ku damm—were so widely patronized by such titans of poetry and prose as Bertolt Brecht, who summered in Buckow, east of the city.

Kurt Tucholsky, who was anything but a brooder, shared this passion, even writing "Rheinsberg—a book for those in love" about the north Brandenburgian lake and its palace.

Poets, on the other hand, patronize storm-tossed, wildly romantic landscapes. And that describes in a nutshell the Harz mountains,

where Heinrich Heine made a pilgrimage in the early 19th century. His winter Wanderung (hike) through the Harz formed the appropriate background for a number of his poems. The pilgrimage ended in Weimar, in a rather disappointing encounter with his "old master," Johann Wolfgang von Goethe. Instead of quarreling about aesthetics, they would have done better to discuss hiking shoes: In his youth, Goethe had made his own

Brecht summered in Buckow

winter trek through the Thuringian hills.

Many people know and love Dehnstedt in the late afternoon or a pond near Moritzburg in the heat of the summer sun—without ever having been there. These central German villages were where Feininger, Pechstein and Kirchner found their arcadias.

For Käthe Kollwitz, the portrait of human affliction, Moritzburg was much more than a summer home and a source of visual inspiration. It was her last place of refuge.

REGION'S TRADITIONAL CRAFTS ADOPT MODERNIZED TECHNIQUES

One of the few craftspeople in the world capable of repairing a 17th-century Stradivarius or Amati or Guarneri violin is Bernd-Albrecht Kühne of Sühl.

Mr. Kühne uses ancient tools and 300-year-old wood when he repairs old instruments or makes his new violins. Their proportions are also straight from the late 17th century.

Few long-established companies are capable of accurately reproducing the first models their company turned out, but at the 283-year-old Staatliche Porzellan-Manufaktur Meissen GmbH, craftspeople can reproduce the company's 18th-century Meissen porcelain with no problem, since they

are still using the same materials the company worked with centuries ago. And all of the company's 250,000 patterns are on file. Some 150,000 of them can be ordered on a normal basis; others are available through special order.

There are also very few long-established companies still producing their original products—and prospering because of it. Käthe Lindner represents the third generation of her family to own and operate Lindner Feinkartonagen, recently started up again after an involuntary 40-year interruption. This company makes opulent, cardboard-based containers in which perfumes, art books and jewelry are packed, using basically the same methods and materials as were used 70 years ago.

There are few regions displaying a comparable continuity in design, man-

ufacturing methods and materials as Eastern Germany, and certainly none which has just come out of a wrenching, 40-year interregnum.

In some cases, designs and trademarks survived because they had international prestige, with Meissen serving as an example. In many cases, the artisans themselves survived as independent entrepreneurs, tolerated as useful specialists by the state.

In most cases, reprivatized or refounded companies are reviving half-forgotten designs, trademarks and company names.

Like Ms. Lindner or piano builder Jan Thürmer, many of these reprivatizers and refounders are the descendants of the original founders, individuals whose memories of former production technologies and market niches are often the companies' most important capital.



Former artists' colonies, like this one in Mecklenburg-West Pomerania, are now drawing foreign tourists.

SPORTS

Crippled Yacht Finishes Leg 2

By Keith Wheatley

Special to the Herald Tribune
FREMANTLE, Australia — Brooksfield, the Italian yacht that lost its rudder and came close to sinking in the remote Southern Ocean, crossed the finish line here Tuesday in 11th place after Leg 2 of the Whitbread Round the World Race.

Disaster struck Dec. 3 when Brooksfield's rudder shaft broke between the deck and hull bearings. Immediately, the 2-meter (6.5-foot) high, spade-shaped rudder cranked over to a near horizontal position below the waterline and its shaft began to tear the hull open.

The watch leader, Andrea Proto, wept as he described how the crew worked, chest-high in freezing water, to plug a 50-centimeter hole in the 18-meter glass-fiber hull.

"We had to get the rudder free of the boat," Proto said. "Before that could happen, we had to break off a quadrant on the shaft that was too big to go through the hole."

"In the flooded compartment the water was above the chest and very cold, about 3 degrees Centigrade. We could stand but our heads were banging on the roof. The quadrant was swinging around. It was very dangerous."

With backsaws and hammers, they managed to break the quadrant free of the shaft and cut the wires linking it to the steering mechanism.

The crew on deck then hoisted the smallest storm jib. At this point the wind was blowing

40 knots with a big sea running. With a small amount of steerage way, Guido Maisto, the skipper, was able to jink the rudder from side to side and have it drop free of the yacht.

"Now we in the aft compartment could think to stop the water coming in," continued Proto. "We stuffed a sail bag into the hole and then a bucket."

"This was not enough so we then wrapped a foam bunk cushion around the bucket. Then we put floorboards over it and braced the boards down with a spinnaker jockey pole." This took the leakage down to a manageable 100 liters (26 gallons) an hour.

Meanwhile, a combination of bilge pumps and crew members with buckets began to bale out the three tons of water inside Brooksfield. It wasn't for another 24 hours, after a 70-knot storm had passed through, that the skipper felt confident enough to begin the 3,200-kilometer (2,000-mile) voyage to Fremantle at a cautious 6 knots.

"There was no panic but it was not a good feeling to be at 49 degrees south with a flooded boat," he added.

Maisto had been criticized in the Italian media for setting off an emergency satellite distress beacon immediately after the incident occurred.

Winston and La Poste, two other Whitbread race competitors, turned back to search for Brooksfield in the worst storm to date in the 51,000-kilometer race.

[On Tuesday, the race's international jury considered requests by the two yachts for time redress. The Associated Press reported. The jury's decision was expected to be announced Wednesday.]

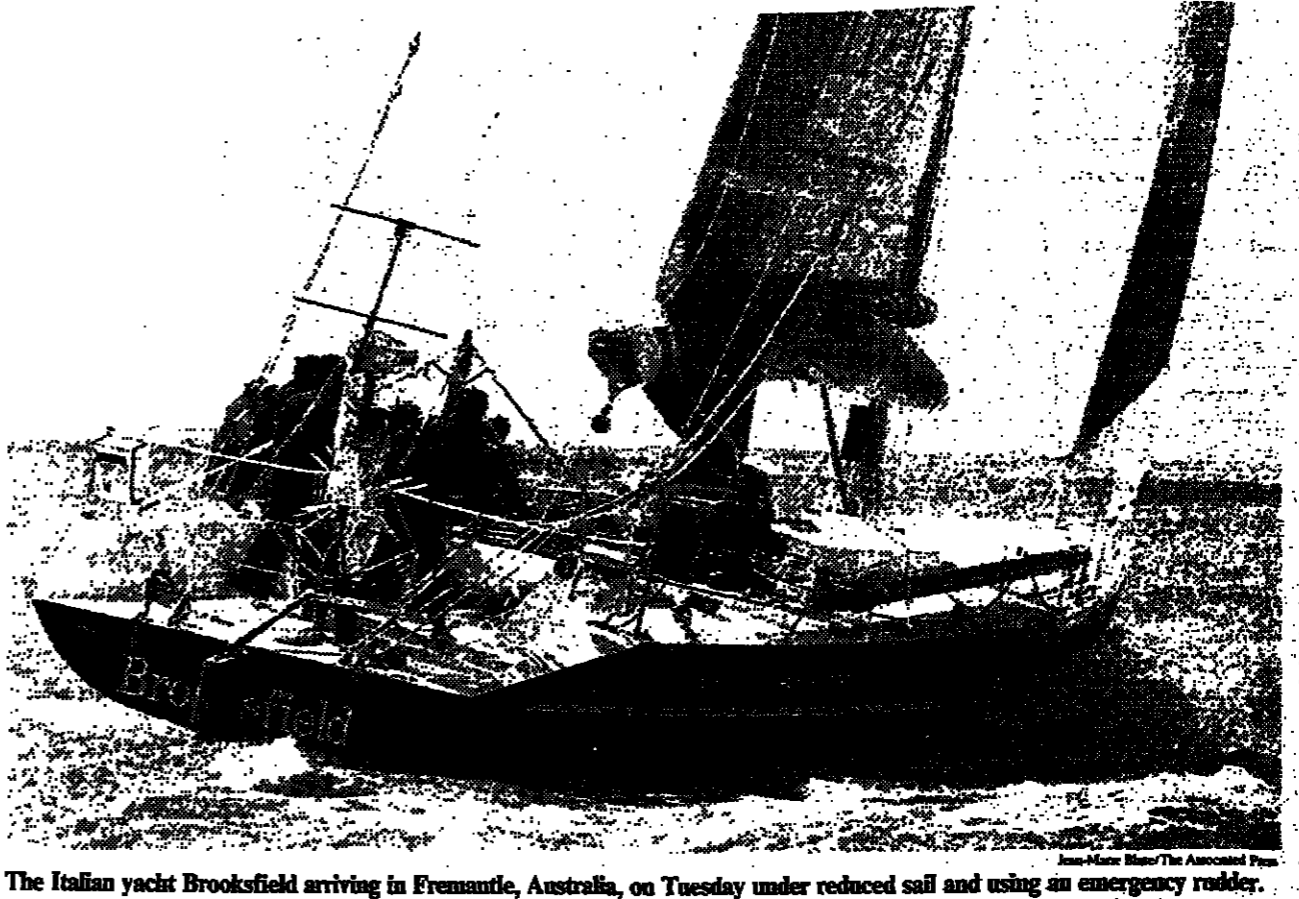
"If I were again in the same situation, I would do the same as we did," said Maisto. "I had to think of the crew and it was important to have some assistance as soon as was possible. Our other possibilities of communication had gone."

The flooding of Brooksfield's stern section ruined both the Inmarsat satellite communication equipment and the conventional high frequency radio. Officials had no way of telling whether the beeping beacon was aboard a crippled yacht, a liferaft, or just floating above the site of a sinking.

Similarly, once the situation aboard Brooksfield was under control, Maisto had no means to tell the world that the risk was over. It was not until La Poste reached the crippled yacht and stood by for 48 hours that race officials were told the good news.

Proto endorsed his skipper's decision to activate the distress beacon. "Personally I felt very good that the rest of the world knew what was happening," he said. "We felt very vulnerable at that moment."

His account of the incident appeared to silence critics. "If anything, we are guilty of underdramatizing a very serious situation," conceded the Whitbread race director, Ian Bailey Wilmut.



The Italian yacht Brooksfield arriving in Fremantle, Australia, on Tuesday under reduced sail and using an emergency rudder.

Slalom Victory in Italy Is Atonement for Tomba

Compiled by Our Staff From Dispatches

SESTRIERE, Italy — The Alpine skiing star Alberto Tomba bounced back from his worst result in four years by winning a World Cup slalom in front of thousands of cheering Italian fans on Tuesday.

"I felt upset when I thought about Monday's result," Tomba said, referring to his 17th place in a giant slalom at Val d'Isere in France. "It went right down to my stomach."

Stung by criticism in the Italian press, the triple Olympic champion delighted his noisy followers in his adopted home resort by winning here for the fifth time. It was his first success in Italy in two years.

"It was my goal to win in Sestriere, to begin to hit my peak at the time of the Italian races," he said.

Tomba triumphed by a margin of 0.75 seconds with a combined time of one minute, 58.38 seconds for the two runs on the Kandahar piste.

"I'm always under fire when I do not win, and it's unfair," Tomba said. "Yesterday it was another day, on a course I did not like, which did not fit to me. Today I was more aggressive, determined on a perfect track."

Thomas Stangassinger of Austria was second and remains on top of the World Cup slalom standings with 260 points in three races. Ole Christian Furuseth of Norway finished third, posting the best time on the second run.

Tomba, 26, was clearly delighted with the 31st victory of his career and his second successive triumph in slaloms after victory at Stoneham, Canada, earlier this month.

He sank to one knee in a mixture of exhaustion and relief after crossing the line for the second run.

He said he was still trying for a mild case of bronchitis that was affecting his breathing and appetite.



Alberto Tomba roared to a World Cup slalom victory Tuesday in Sestriere, Italy, a day after flopping in a giant slalom at Val d'Isere in France. After his triumph before thousands of fans, the Italian star said he had been "more aggressive, determined on a perfect track."

"I can hardly breath, and I am not at 100 percent," Tomba said.

"Certainly I'm doing better in slalom because I trained this discipline harder during the summer. I hope to be in top form in February, for the Lillehammer games."

Tomba will be trying for an unprecedented fourth Olympic title in Norway in February. He won two

gold medals at Calgary in 1988 and one at Albertville in 1992.

Stangassinger had also been feeling ill and was thus more than happy with his 80 points.

"I woke up with flu and my legs had gone at the end of each run," he said.

Three of the top five from the first run went out in the second amid murky conditions.

Marc Girardelli, last season's overall World Cup champion, continued his poor start this season as he crashed after having taken fifth place on the first run.

The Austrian-born Girardelli, who races for Luxembourg, lost control just past the halfway point and ended up on his backside.

The flop completes a wretched two days for the five-times World Cup winner, who failed to qualify for the second leg of the giant slalom in Val d'Isere on Monday.

Thomas Fogdore of Sweden and Thomas Sykora of Austria also missed gates on the second run after strong first-run performances.

Kjetil-Andre Aamodt of Norway took seventh and maintains his lead in the overall World Cup standings. (Readers' AP)

N.Y. Mayor Sets Deal With USTA

New York Times Service
NEW YORK — Despite objections from Mayor-elect Rudolph W. Giuliani, Mayor David N. Dinkins has completed final negotiations on the expansion of the National Tennis Center in Queens and was to sign a long-term lease Tuesday, city and tennis association officials said.

The signing of a contract with the U.S. Tennis Association for the expansion of the center in Flushing Meadows-Corona Park will complete more than two years of talks.

It also caps a political dispute between Dinkins and Giuliani, who had criticized the deal and had urged the mayor not to complete the contract talks before leaving office.

But the mayor has defended the agreement, calling it "the best deal for a municipal stadium in the nation."

Under the plan, the USTA would pay for a \$172 million expansion of the center, and it would receive an additional 42 acres (17 hectares) of parkland from the city.

The USTA would keep the national tournament in New York for at least 25 years — and, if it exercised a series of lease options, for as long as 99 years — and the association would continue to maintain and operate the center.

The city, in turn, would continue to own the center, including a new 23,500-seat stadium that is to be built.

With Malone at Center, Jazz Outduel the Spurs

The Associated Press
Karl Malone scored 27 points. More importantly, he played center and held David Robinson in check as the Utah Jazz beat the San Antonio Spurs.

"We put Karl on Robinson and I thought he did a great job of keeping him away from the basket," said Utah's coach, Jerry Sloan.

NBA HIGHLIGHTS

whose team on Monday also won sole possession of second place in the Midwest Division. The Jazz (14-7) are 5½ games behind the 19-1 Houston Rockets.

"We went out there and helped each other and just played solid defense," Malone said. "It was a big win for us because they're in our division."

Utah outscored the Spurs 15-6 in the first 9:06 of the fourth quarter. San Antonio's coach, John Lucas, then was ejected for his second technical foul of the game and the Jazz took their largest lead at 99-82 with 50.5 seconds left.

Malone helped hold Robinson to 23 points — 3.3 below his average — and 11 rebounds. For Utah, John Stockton had 16 points and 13 assists. Tom Chambers had 16 points and Jeff Malone 15.

Dennis Rodman had 20 rebounds and no points for San Antonio. The Jazz held San Antonio to 11-for-37 shooting in the second half, and the Spurs had eight turnovers in the fourth quarter.

Suns 112, Bucks 104: In Phoenix, the Suns trailed by five points entering the fourth quarter, but tied it at 96 with 3½ minutes left. Dan Majerle made a three-pointer to break the tie and the Suns pulled away after that.

"Just because you have a poor record doesn't mean you get blown out every night," Charles Barkley said of the Bucks (4-16). "Let's give them some credit for playing a good game, and let's give us some credit for doing what it takes to win."

Barkley had 28 points and 21 rebounds. Kevin Johnson had 32 points and Majerle 19. Milwaukee had nine more field goals (45) than the Suns and shot 59 percent. But Phoenix was 37-of-45 from the line to 10-of-17 for Milwaukee and won its sixth straight.

Nets 110, Bucks 105: In East Rutherford, New Jersey, Kenny Anderson had 32 points, 11 assists and 10 rebounds, and Kevin Edwards scored a season-high 28 against his former team.

Anderson clinched the triple-double with an assist on a lane jumper by Armon Gilliam with 35 seconds remaining to make it 107-105. After Bimbo Coles scored for Miami, Anderson penetrated and drew the defense off Chris Morris, passed outside and watched Morris make a 3-pointer for his only points of the game.

Celtics 112, 76ers 107: In Boston, Dee Brown was 14-of-19 from the field and scored a career-high 35 points.

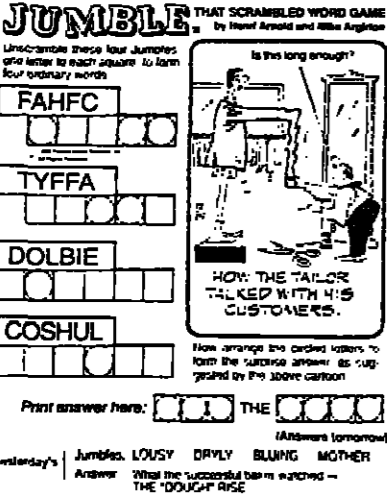
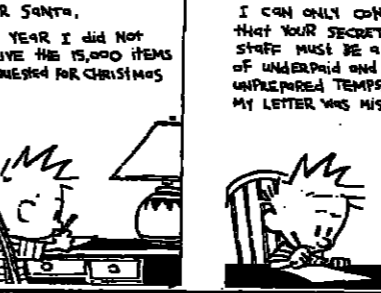
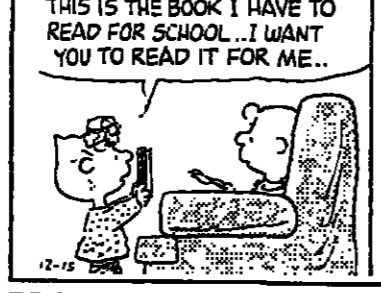
In four games since getting his previous career-high of 32, Brown made just 9 of 34 shots and scored 23 points. He made three shots against the 76ers in just 77 seconds, crasing Philadelphia's only lead, 59-57, and putting Boston ahead 63-59 with 4:46 left in the third quarter.

Those baskets began a 16-4 run that he finished with four points as Boston took a 73-63 lead with one quarter to go. The Sixers got no closer than four the rest of the way.

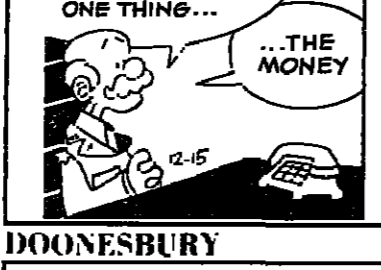
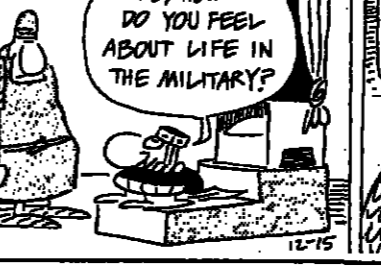
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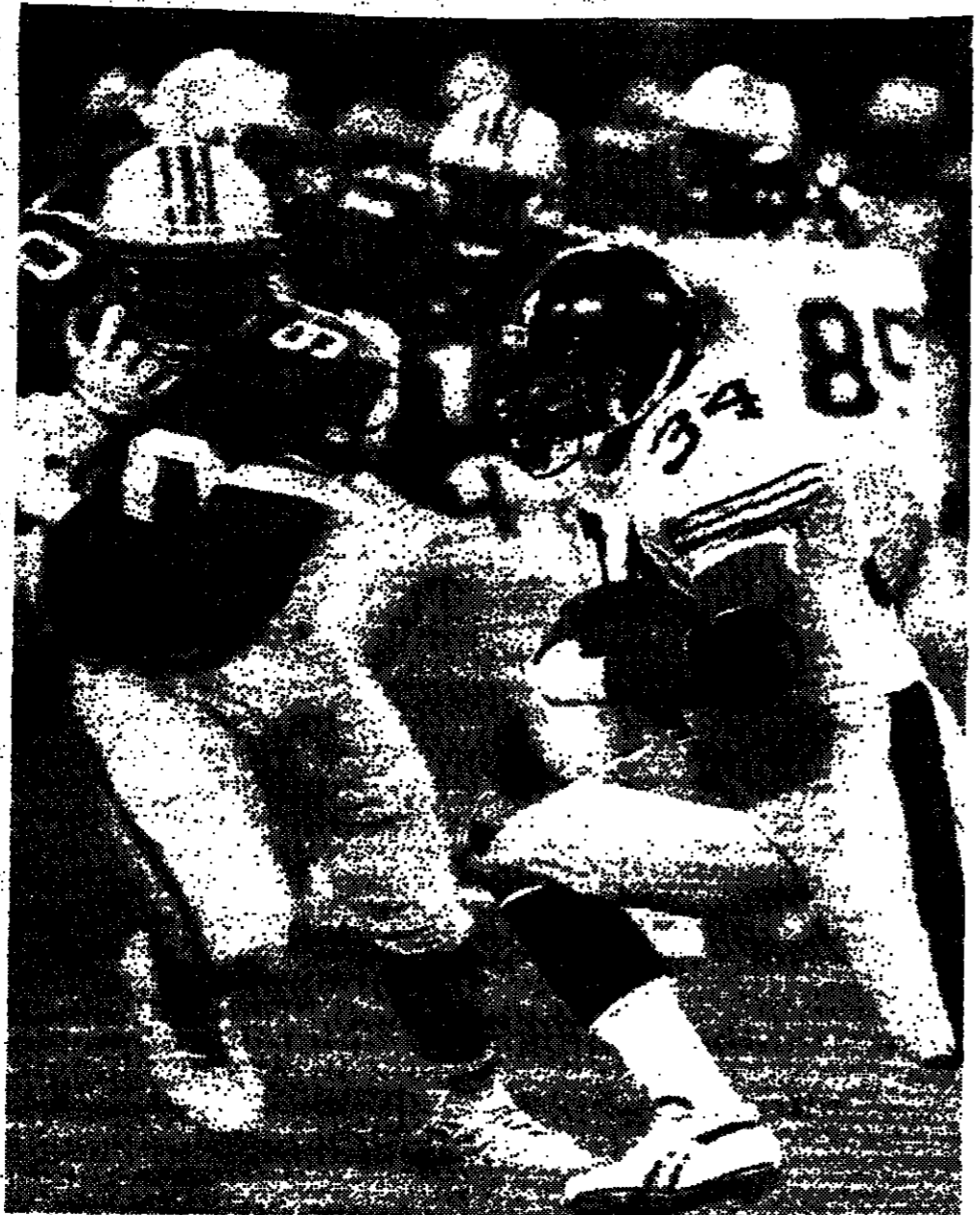


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SPORTS

Steelers Stop Rally To Hold Off Dolphins

MIAMI — The Pittsburgh Steelers' defense gave up 348 yards to the Miami Dolphins and still looked great.



The Steelers' Leroy Thompson, filling in for the injured Barry Foster, heading for a touchdown.

Dolphins Fall Into First Place In AFC East

The Dolphins (9-4) fell into a first-place tie in the AFC East with Buffalo, which plays at Miami on Sunday.

Playoffs: In, Out and Hoping

NFL's Postseason Picture Is Beginning to Take Shape. By Frank Litsky. NEW YORK — The last time the Giants and the Jets made the National Football League playoffs together was after the 1986 season.

A Lottery of Chance in Las Vegas

MIAMI — If soccer is the world game that it professes to be, it would stretch to the heights of Christendom, and perhaps the bowels of the gaming rooms. It almost manages arbitrary mathematics.

Oilers' Player Kills Himself After Crash

MIAMI — Pelé, the greatest name in world soccer and often the only one known by the American public, may have his role "minimized" in the World Cup soccer draw spectacle on Sunday in Las Vegas.

Pelé's Role May Be Reduced

MIAMI — Pelé, the greatest name in world soccer and often the only one known by the American public, may have his role "minimized" in the World Cup soccer draw spectacle on Sunday in Las Vegas.

SCOREBOARD

BASKETBALL

NBA Standings table showing Eastern Conference and Western Conference teams and their records.

MONDAY'S RESULTS

Table of Monday's NFL results, including scores for various teams like Washington, Kansas City, and Houston.

HOCKEY

NHL Standings table showing Eastern Conference and Western Conference teams and their records.

FOOTBALL

Table of international football results, including matches between teams like Germany, France, and the Netherlands.

Major College Scores table listing scores for various college football games.

Herald Tribune advertisement for living in the U.S., now printed in New York, with delivery in key cities.

OLYMPIC SPORTS

Table of Olympic sports results, including World Cup Skiing and other events.

SIDELINES

Hurley's Condition 'Much Improved' - Sacramento Kings guard Bobby Hurley is 'much improved' on Tuesday - 24 hours after eight hours of surgery to repair lung damage from a car accident.

ST. ANTON IS BACK AS DOWNHILL SITE

OBERHOFEN, Switzerland (AP) — A postponed women's World Cup downhill was rescheduled for Friday at St. Anton, making for three consecutive race days in the Austrian resort.

International Classified advertisement listing various services such as escorts, travel, and real estate.

OBSERVER

An Armed Response

By Russell Baker

NEW YORK—Once having an afternoon to kill in Beverly Hills, and lacking a car, I went for a walk, though I had been cautioned against it with the explanation that the police regarded walking as powerful evidence of criminal intent.

It was lonely. Though the sun was friendly the streets felt ominous. It was that feeling the movies strive to convey when the hero finds himself utterly alone at high noon in what should be an extremely busy location.

Something terrible has happened, or is about to happen. Whichever the case, everybody has fled, and here is the hero, the only person alive who doesn't know what's up.

You may think me the victim of overwrought imagination. Of course I am. How can I not be? Am I not part of American society? Do I not absorb the mind-numbing coarseness and violence composing my daily diet of newspapers and television?

Anyone who fails to keep his imagination overwrought in such a brutal environment will soon be too hardened to the sordid over to enjoy the pleasures of wonder again. In Beverly Hills I experienced the symptoms of sensing that insidious, those silent hordes of people silently watching me walk by.

Then I knew why. Many of the houses had small signs out front which at first, because of a variety that often keeps my eyes glued in my pocket, I hadn't been able to read. With glasses on, the message was clear: Each sign announced that security police were keeping an eye on the house.

Julia Roberts: The \$8 Million Comeback

By Timothy Egan

LOS ANGELES—Between wildfires, earthquakes, L race riots and a debilitating recession, the city of illusion has been looking a little sad of late. So there is a palpable cheer around Hollywood now that the highest paid actress in the world—for the moment—is back in town, generating all kinds of economic activity, grist for the professional gossips and old-fashioned movie star incandescence.

Two years after she made her last film and fell into a tabloid twilight zone over her personal life, Julia Roberts is starring in three new productions, the first of which is Alan J. Pakula's adaptation of John Grisham's legal thriller "The Pelican Brief," opening in the United States on Friday.



Law student Julia Roberts with investigative reporter Denzel Washington in "The Pelican Brief."

Her father, who died when she was 9, was a vacuum cleaner salesman and her mother was a church secretary. At home, they staged and acted in plays, infusing the three Roberts children with a love of entertaining.

and romanced several men, all the while feuding with Spielberg on the set of "Hook." None of it was true, Roberts said. She played Tinkerbell, but some of the gossip columns referred to her as Tinkerbell.

PEOPLE

Bardot's Quandary: Her Love or Her Cause

Brigitte Bardot says her husband's political views could cause the break-up of their marriage. Bardot, who last year married Bernard d'Omnes, an adviser to Jean-Marie Le Pen, the leader of the extreme-right National Front, was quoted by the daily Liberation as saying, "I would have been better off falling in love with a shoe salesman."

The publicist fired by Maria Meneses after he was arrested for allegedly stealing her shoes is suing her for more than \$180,000. Chuck Jones's filing came about two weeks after Meneses sued him for \$85 million, charging that he was a would-be extortionist who stalked her.

Madonna took her long world tour to its last stop in Tokyo, and said she was ready for a break-down. "Why not?" she told the audience. "I could do it. Judy Garland did. Elvis did."

Oliver Stone has signed with Hollywood Pictures to direct the movie version of the Andrew Lloyd Webber-The Rice musical "Evita," about the former first lady of Argentina. The actress to play Eva Peron has yet to be announced but Madonna, Meryl Streep and Patti LaBelle, who created the stage role, are rumored to be in contention.

Lois Anderson says her adopted 5-year-old son, Quinton, doesn't miss much since her divorce from Bart Reynolds. The actress told McCall's magazine that she tries to do "boy things" with her son. "I've had a black eye" from Quinton swinging a toy truck around," she said.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 5

WEATHER

Table with weather forecasts for Europe, including cities like Algiers, Amsterdam, Athens, Barcelona, Berlin, Buenos Aires, Cape Town, Chicago, Dallas, Frankfurt, Geneva, Helsinki, Houston, London, Madrid, Milan, Moscow, New York, Paris, Rome, San Francisco, Sydney, and Tokyo.

Forecast for Thursday through Saturday, as provided by Accu-Weather.



North America: Rain will linger from New York City to Boston Thursday, then dry, chilly weather is expected Friday into Saturday. A few storms will enter the nation's heartland by Friday with rain in the Mississippi River Valley and snow from the central Rockies to the Upper Midwest.

Table with weather forecasts for Asia, Africa, and Latin America, including cities like Bangkok, Beijing, Hong Kong, Manila, New Delhi, Singapore, Taipei, Tokyo, Algiers, Cape Town, Casablanca, Harare, Lagos, Nairobi, Tunis, Anchorage, Atlanta, Boston, Chicago, Denver, Detroit, Honolulu, Miami, Los Angeles, Manila, Minneapolis, Moscow, New York, New Orleans, Phoenix, San Francisco, Seattle, Toronto, and Washington.

CROSSWORD

ACROSS: 1 Like Caspar Milquetoast, Yodeling locale. 10 Quantities: ABB. 14 City south of Gainesville. 15 Chip's partner. 16 Attack of the flu. 17 Hook's flag. 18 Florence's river. 20 Like some shopping. 21 Just say no? 22 Grp. founded in 1960. 23 Present, for one. 24 Antinook number. 30 — and hounds. 33 Calhoun of "The Texas". 34 Swiss mathematician. 35 Son-gun link. 38 Dr. Seuss classic. 42 De or ja. 43 Onetime pupa.

DOWN: 1 Aids leader. 2 Macintosh screen symbol. 3 Type of bonding? 4 Minaret. 5 Wright brothers' home. 6 See 18-Down. 7 Jet follower. 8 No contest, e.g. 9 Belgrade resident. 10 Cut-down. 11 Notorious Bugs. 12 City near the ruins of Carthage. 13 "JFK" director. 14 With 6-Down, All maneuver. 15 "Private Parts" author. 16 Locomotive, paraps. 17 Over-indulgence. 18 Roy Innis's org. 19 Very, in Versailles. 20 Parliament vote. 21 What's more. 22 Davidson's "The Crying Game" co-star. 23 Resistance figures. 24 Celebrity. 27 Make — dash for. 28 Dress to the. 30 Cassowary kin. 41 Susan of "L.A. Law". 44 Saucy.

Crossword puzzle grid with clues and a solution for the puzzle of Dec. 14.

Large advertisement for the International Herald Tribune, featuring the headline 'A WEEK IN THE LIFE OF THE TRIB' and a list of daily content including Monday Sports, Tuesday Style, Wednesday Stage, Thursday Health/Science, Friday Leisure, Saturday-Sunday Art/The Money Report, Politics and Economics, Business and Finance, Opinion and Commentary, Food and Fashion, Film and Theater, Books and Travel, Bridge and Chess, The New York Times Crossword, A Lively Array of Comics, Pulitzer Prize Winning Feature Columnists, and Don't miss out. Make sure you get your copy of the IHT every day.